

108.

HRES

HB 126

-

SB 39

III. ANALYSIS HB 126 AND CS

A. Assumptions:

The cost of the limited entry program will be paid for from entry permit revenues, which will go into the general fund. Interim entry permits must be issued by January 1, 1974. The appropriation for the commission will be an advance against anticipated revenues to the general fund.

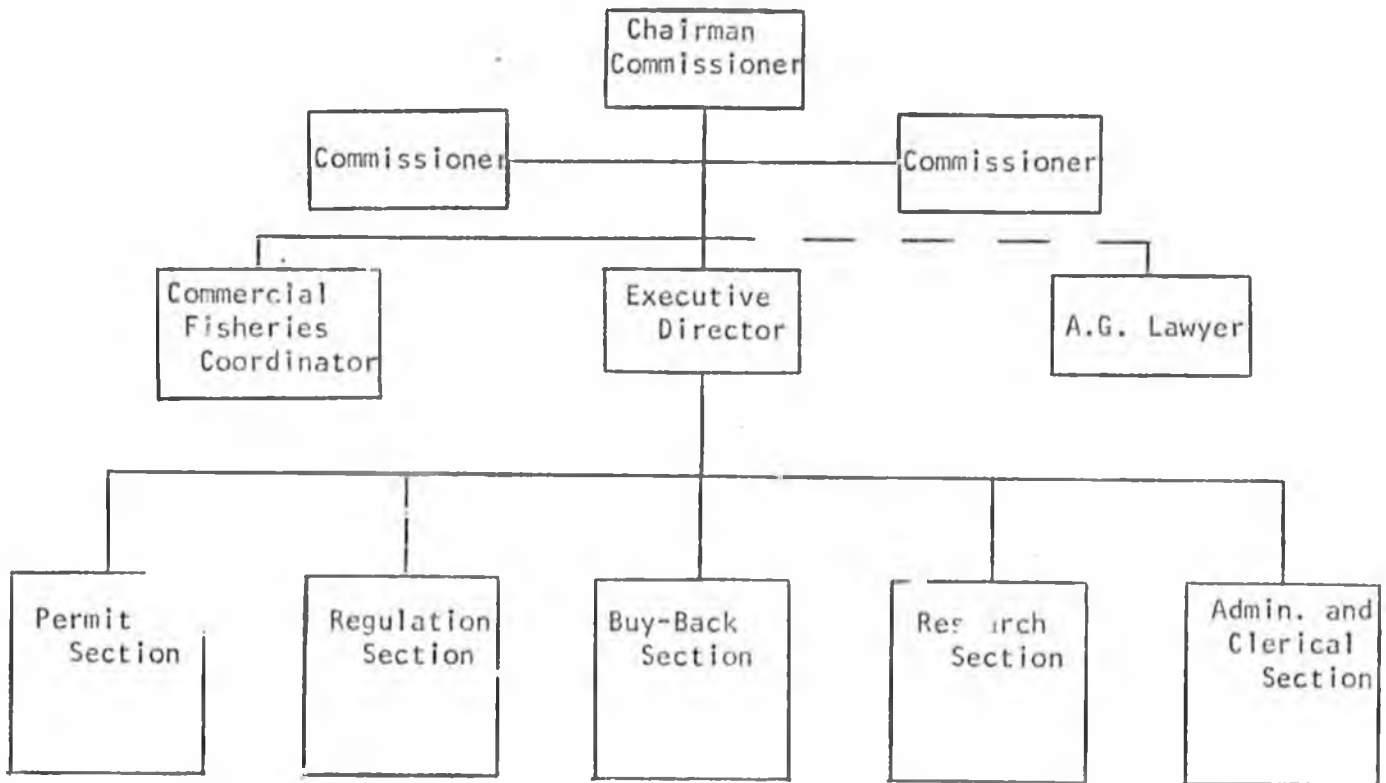
B. Program Summary:

The Alaska Commercial Fisheries Entry Commission is a new body that will implement a new and complex program limiting and stabilizing the amount of gear in the State's commercial fisheries. This program, accomplished through the issuance of entry permits, will benefit Alaska's fisheries resources and alleviate the economic distress of her fishermen.

PERSONNEL SERVICES

<u>Permanent Employees</u>	Range	Salary
3 Commissioners	28-B (28,404)	85,212
1 Executive Director	27	27,372
1 Administrative Officer I	17	14,112
1 Permit Officer	16	13,104
1 Secretary II	11	9,072
1 Secretary I	10	8,424
1 Clerk Typist III	9	7,824
1 Commercial Fisheries Coord.	26	26,388
2 Chief Hearing Examiners	25 (25,428)	50,856
1 Buy-Back Manager	27	27,372
1 Secretary	10	8,424
1 Research Analyst IV	21-A	18,948
1 Programmer IV	19	16,344
1 Research Analyst II	16	13,104
1 Statistical Clerk II	9	7,824
1 Accountant II	14	11,316
2 Clerk Typist III	9 (7,824)	15,648
1 Clerk IV	9	7,824
1 Secretary III	12	9,768
	Sub-total	388,704
	Benefits - 20%	77,740
	Personnel Svc.	466,444
	Sub-total	466,444
 <u>Temporary Employees</u>		
8 Clerk Typist III	9 (6 months each)	31,296
	Benefits - 7%	2,190
		33,486
TOTAL PERSONNEL SERVICES		499,930
<u>TRAVEL</u>		40,000
<u>CONTRACTUAL SERVICES</u>		
Phone		25,000
Postage		24,000
Printing		15,000
Rent		24,000
Moving Expenses		10,000
Rental of Equipment		15,000
Computer		25,000
Professional Services		45,000
TOTAL CONTRACTUAL SERVICES		183,000
Commodities		10,000
Equipment		20,000
	TOTAL	762,930

ATTACHMENT A: ORGANIZATION AND STAFFING CHART
HB 126 and CS



Permit Section

Permit Officer
Accountant
File Clerk
Clerk Typist
Clerk Typist

Regulation Section

Chief Hearing Examiner
Chief Hearing Examiner

Buy-Back Section

Buy-Back Manager

Research Section

Research Director
(Research Analyst IV)
Research Analyst II
Programmer
Statistical Technician
Statistical Clerk

Administrative and Clerical Section

Administrative Officer
Secretary III
Secretary II
Secretary
Secretary
Clerk Typist
Temporary Clerk Typists - 8

ATTACHMENT B

RELATIONSHIP OF COSTS FOR HB 126 AND JUDICIARY CSHB 126
TO GOVERNOR'S PROGRAM AS FUNDED IN HB 71

HB 71 appropriates \$350,000 to fund SB 39, creating an Alaska Commercial Fisheries Entry Commission. It also appropriates \$50,000 to continue the work of the Limited Entry Study Group, created last year under Ch 186, SLA 72, which researched and developed the Governor's limited entry program for Alaska's fisheries. HB 126 as introduced by the Resources Committee added two members to the three-man commission called for in SB 39. That addition would require \$70,704 in salaries and benefits. HB 126 as passed out by the House Resources and Judiciary committees dropped the number of commissioners back to three.

The governor's program deals only with salmon at the outset and would have the limited entry study group recommend to the legislature additional species that should be included under limited entry, concentrating on a study of the crab, herring and shrimp fisheries. The judiciary committee substitute immediately includes all species under limited entry, eliminating the need for the study group, but raising the cost of implementing limited entry, since gear for all species is included, not just salmon. Because of this change and expansion, the Judiciary CSHB 126 would require an appropriation of an estimated \$762,930.

Under either bill, many of the equipment costs such as desks and calculators are one time expenditures needed to establish the commission. Similarly, professional services contains certain one-time costs such as a systems analyst to design the kind of information system most useful to the commission. Since the limited entry program will be breaking new ground in the United States, it is difficult to foresee with complete accuracy all that may be encountered during the first years of its operation. The considerations in this fiscal note represent the best efforts of the Limited Entry Study Group to anticipate the tasks and difficulties ahead.

Initially under the judiciary committee's bill the commission's work will be to set up procedures for issuing interim entry permits, then to determine maximum gear levels for each type of gear and each area of the state. All species would be dealt with. It would then, area by area, and for each type of gear within an area, draft and hold hearings on the specific regulations that will be used to decide who qualifies for an entry permit. Application forms would have to be prepared, and after final regulations are adopted applications would have to be evaluated and permanent permits issued. In certain areas, interim entry permits will have to be re-issued annually until the procedures for issuing permanent permits can be completed. Once entry permits are issued for a type

of gear in an area, the commission would have to establish the optimum gear levels for that type of permit, and then if appropriate establish regulations and implement a buy-back fund.

Under the governor's bill the commission's immediate job would be to deal only with salmon, and the order of events would be somewhat different. Interim permits would still be issued. Then, however, optimum gear levels would be determined by area and type of gear and regulations established through local hearings to determine detailed qualifications for an entry permit. After the regulations are set up, applications for permanent entry permits would be issued, received and evaluated and permanent permits would be issued.

Under either the governor's program or the judiciary committee substitute, interim entry permits must be issued by January 1, 1974. Under the governor's program, the commission could be expected to issue permanent entry permits first in those areas and salmon fisheries currently under the greatest pressure, so that the level of gear would be stabilized. Other fisheries could continue to operate under interim entry permits. Perhaps through an error in drafting, the judiciary committee substitute would require the commission to receive applications for all permanent entry permits within one year, creating a huge, if not impossible, task, which if carried out would considerably shorten the period in which interim permits were issued. The committee may wish to consider amending that provision, which is the last sentence in 16.43.210(a).

The Governor anticipated that, conservatively, interim entry permits issued for salmon gear by January 1, 1974 would put at least \$490,000 into the general fund, considering that only those 9,800 persons licensed for salmon gear in 1972 would apply. Actually the figure is expected to be at least \$740,000. This income to the general fund would at least offset the \$400,000 appropriation sought for the work of the limited entry commission and for the continued work of the limited entry study group.

Under the judiciary committee substitute, interim entry permits for all types of gear would have to be issued by January 1, 1974. Allowing for the judiciary committee option permitting poverty income people to elect to receive an entry permit that is non-transferable for five years and has an annual fee of only \$5, interim entry permit income is still conservatively expected to be \$700,000. In fact, permit revenue will more than offset the \$762,930 entailed in implementing the judiciary committee substitute effectively.

The above figures are based on approximately 9,800 gear licenses fished in 1972 under the governor's bill limiting entry to the salmon fishery, and approximately 14,000 gear licenses fished in 1972 for all fisheries, under the judiciary committee bill. Annual turnover in gear licenses has been approximately 3,000 people a year for the past few years, and many people who did not fish in 1972 can be counted on to apply for interim entry permits.

Preliminary estimates of the actual number of people who will get interim entry permits are at least 14,800 for salmon gear

and 21,000 for all types of gear. This would mean approximately \$740,000 under SB 39 or \$1,050,000 under the House Judiciary Committee Substitute.

Precise information on the number of people eligible for the special \$5 annual entry permit option in the judiciary committee substitute cannot be developed on short notice. However, a rough estimate from the Department of Health and Social Services is that a maximum of 800 individuals might qualify. In the unlikely event that even double that number qualify for and choose the \$5 permit option, the result would not drop interim permit income below a level where it could fund limited entry commission operations.

In the interest of each reference between various state and federal agencies, the committee may wish to consider changing the characterization of the poverty guidelines that appears on line 12, page 11 of the judiciary committee substitute. The Department of Health and Social Services says that it and most other agencies use the Office of Economic Opportunity poverty guidelines. The department said they are the same as the Federal Social Security Administration guidelines, and a language substitution might be in order. Those guidelines are as follows:

SOCIAL SECURITY ADMINISTRATION POVERTY GUIDELINE

25% adjustment for Alaska

	<u>Family Size</u>
\$2,625	1
3,425	2
4,325	3
5,250	4
6,175	5
6,950	6
7,750	7

The governor's program would bring salmon fishery participation from current levels to optimum levels in one step, without providing compensation for those eliminated from the fishery. The judiciary committee substitute would create a voluntary buy-back program for entry permits, vessels, and gear, funded by assessments of up to 7 per cent of the gross value of the total annual catch attributable to a holder's entry permit. Buy-back would be from levels established in the bill to optimum levels set by the commission. Separate buy-back programs would be established for each type of gear within each of the administrative areas set up by the limited entry commission. It appears unlikely that any buy-back fund will be in operation in 1973, although planning to develop buy-back mechanisms should be started.

Because of the desire to "fish while it lasts", a noticeable gap can be expected between the revenues from interim entry permits and those from permanent entry permits. At the same time, the work of the commission concerning each area and type of gear for which

permanent permits are issued will lessen once the work involved in issuing the permits is completed. This indicates a trend toward diminishing the size and scope of the commission's activities, so that it would require less money annually after the first burdensome years of its operation. However, the administration of buy-back programs under the judiciary committee substitute will become more and more prominent as permanent entry permits are issued and buy-back programs set up for different areas.

This is an explanation for the attached page of qualifications for limited entry in Alaskan fisheries.

1. Any person not fished once in past 3 years could legally and ethically be considered out of the fisheries.
2. Provides that no person can automatically land a wind-fall on this license immediately without future participation and full intent.
3. No one out of the fishery would afford to come back into the fishery simply to have only the possibility of gaining a \$1000 sale value on a license as they would have invest and give up what activity they are presently in.
4. At least a man stuck with a boat has opportunity to let a license go with a boat to get his boat sold.
5. Party buying boat may not want to fish and buy the license so seller could sell to tax office the license to be voided. Taxes levied according to time he fished which proved his intent and participation.
6. Fisherman working part time to up grade his equipment and not fishing a full fishing season can better his lot but would not credit that season for a yearly tax reduction basis.
7. To tempt the man with little investment who does not have an upgraded vessel and no intent to upgrade would logically most like to sell out because the ratio of selling out is closer ratio to his investment. In other words a man with a junk boat worth a couple thousand dollars would most likely sell his license for \$5000 and get out of the way than a person producing with a \$25,000 investment. No one is forced out effecting his life style.
8. This should prevent any law suits and expense of same as this is a democratic justifiable solution and methods ethical.
9. This allows re-entry on an assessed value. No one is forced in or out of the fishery.
10. Tax reduction is based on the fishery he fishes only and area.
11. No Ghost licenses allowed in as must have fished once in past three years and no incentive for him to come back in but allow him to if he fully intends to make this his way of life and had took up other employment to better able himself to upgrade his equipment recently in a declined fishery
12. Limited-entry in the fisheries evidently is necessary and this being a democracy seems evident that this is a fair justifiable solution.

Ray Mathews

Limited Gear Entry

Qualifications: Any one who fished a gear and licensed having done so once in past three years. Based on gear licensed and designated area. Gear licensed in particular area assessed. Example follows @ \$10000 assessed

1. Seller fishes 1 year. sell to tax office for \$2000.

Buyer of one year license must pay tax office \$9000 (seller could expect to get \$1000.) If seller is stuck with a boat he may sell to private buyer to get his boat sold. If he can sell boat without license he can sell to tax office the license for \$2000. Boat buyer may not want to buy license.

(A) No person can retain a license unless he fishes 1 year out of 3.

(B) Participation tax rates based on no other employment on any open day year

2. Seller fishes 2 years. Can sell to tax office for \$3000.

Buyer of 2 year license must pay tax office \$8000 (Seller could expect to get \$2000 from an individual buyer)

3. Seller fishes 3 years. Can sell to tax office for \$4000.

Buyer of 3 year license must pay tax office \$7000 (seller could expect to get \$3000 from an individual buyer.)

4. Seller fishes 4 year. Can sell to tax office for \$5000.

Buyer of 4 year license must pay tax office \$6000 (seller could expect to get \$4000 from individual buyer)

5. Tax office has standing offer to buy all licenses fished 4 or more yrs in future for \$5,000. All new entries pay more than Tax office offer to buy out. \$5000 is incentive to buy-out fisherman to optimum level.

(Note: anyone who quits fishing to work gets no tax rate reduction that year. The above allows re-entry, gives a fisherman opportunity to sell his boat with a license without getting stuck with a boat or to sell his boat separately. The longer he fishes gives proof of intent. No ghost licenses. Gear as person must have fished. Those fished and invested with full intent have opportunity to remain. Incentive is induced here for marginal fisherman to sell out.

Cost to reduce the fleet on gear licensed as above now follows.

To reduce the fleet 10 percent: 9 fisherman would have to pay \$5000 total.

1 fisherman would have to pay \$555.55 each

or 1 fisherman would have to pay \$27.77 per year for 20 years plus interest on money borrowed from State or other source.

To reduce the fleet 50 percent a fisherman would have to pay 5 times the above cost. On 20 yr payments it would run 5 times \$27.77 equals \$138.85 per year plus interest on borrowed money from State or other source.

To increase the incentive to \$10,000 offer to buy out and buy out half the fleet it would cost each fisherman \$277.70 per year for 20 yrs.

Now it's obvious if half the fleet was out of the way and taking no fish a fisherman could make more than \$277.70 plus interest above his present level of income.

Gentlemen: We do not need nor desire to force any fisherman whom has fished once in past three years out of a life style he has learned to like.

It should be worth even more to rid the fisheries of those who do not prove to be professional fisherman. Every fisherman should have a chance to prove himself and intent fairly.

Apprenticeship: A program to credit buy-in tax reduction in degrees of participation based weeks per annum and per annum.

Note: Person may have other income if it does not affect his participation and if it does simply, no tax rate reduction. Ray Mathews



FISH COMMISSION

RESEARCH HEADQUARTERS

ROUTE 2, BOX 31A • • • CLACKAMAS, OREGON • • • 97015

TOM McCALL
GOVERNOR

AIR MAIL

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JOSEPH I. EOFF, Member

ROBERT W. SCHONING
State Fisheries Director

January 3, 1972

Mr. E. J. Huizer, Deputy Commissioner
Alaska Department of Fish and Game
Subport Building
Juneau, Alaska 99801

Dear Ed:

Your letter to Gene concerning private chum hatcheries in Oregon was forwarded to me. I am rapidly becoming our "chum" man, through no particular effort on my part!

I have enclosed (1) a copy of Chapter 203, 1971 Oregon laws. This is the new law that allows private chum hatcheries in Oregon; (2) policies and procedures developed by our agency to handle applications; and (3) a copy of our application form.

We have received seven applications (each with \$100 fee) to date and have issued one permit. The second application received will be reviewed next month and I expect a permit will be granted.

Also enclosed is a copy of the one permit we have issued. It gives you some idea of what is involved and how we responded.

Mr. E. J. Huizer
January 3, 1972
Page 2

I will be seeing you in Sacramento in January if you attend the PMFC meeting called by Dr. Harville. If you have any questions, we can talk them over at this time.

Sincerely,



Wallace F. Hublou
Director of Research

cc: Kruse

Abstention Line Strangling Bristol Bay Fishery

Japan Takes Vast Numbers Of Native Salmon West Of It

By Richard H. Philips
Pacific Editor

SEATTLE, WASH. — Alaska Governor William Egan is making headlines this winter with his proposal to dam off certain Alaska streams and convert the rich Bristol Bay salmon runs into runs of land-locked kokanee which never leave the fresh water, and thus are not vulnerable to Japanese high-seas fishing.

The Governor's proposal is labeled as impossible by most scientists and biologists, who point out that kokanee are not likely to survive in commercial quantities if the rivers are dammed, even if the dams themselves were practical.

Restraining Bristol Bay salmon from their migratory paths is not a new idea with the Governor, however, as he proposed six or seven years ago to close the mouth of Bristol Bay for the same purpose. The proposal is also not without political merit in Alaska, where residents have been powerless to prevent the Japanese mothership fleets from taking an average of 20% of the Bristol Bay catch west of the abstention line.

It is not likely that the Governor's proposals will solve the problem of Alaskan fishermen, or of the entire U.S. salmon industry operating on Bristol Bay fish. The problem was brought about by a lack of knowledge concerning the Bristol Bay salmon runs. In 1953, when the International Convention for the High Seas Fisheries of the North Pacific Ocean was brought into force, the Japanese agreed to abstain from fishing for salmon east of 175 degrees W. longitude. At the time, scientists from the United States believed that salmon spawned in U.S. waters did not migrate west of the abstention line. Unfortunately, they were wrong, and as the accompanying charts show, Bristol Bay salmon do venture far west of 175 degrees W. longitude.

The Japanese are reluctant to abandon their high-seas mothership fishery in Bristol Bay salmon areas since, in good years, the catch of U.S. salmon can amount to almost 7 million fish, as did in 1965.

On the other hand, the abstention line does protect most other U.S. salmon runs and all Canadian salmon runs, so the North American nations are unwilling to jeopardize that protection by threatening the treaty.

So the matter stands. Since 1956, the Japanese high-seas mothership fleet has taken an average of 19.6% of the total Bristol Bay catch, with the percentages ranging from a high of 49.2% in 1957 to a low of 3.9% in 1964. If the immature salmon taken by the Japanese fleet the year before their return to Bristol Bay are added to these figures, it reveals that the high-seas fleets take an average of 22.1% of the Bristol Bay catch. In fact, the Japanese high-seas fleet caught more salmon from the 1967 run than did U.S. fishermen: 7,326,000 compared to 6,660,000. Of the Japanese catch, which amounted to 62.4% of the total 883,000 were caught as immature fish in 1966 before they had an opportunity to reach their full weight and return the maximum amount to the fishermen.

Even in 1972, when the U.S. fishing effort in Bristol Bay was curtailed to a matter of hours, the

R.A. FREDIN . . .
the scientist who gathered the information and drew the charts accompanying this story on Bristol Bay salmon is Director of Fisheries Data and Management Systems, Northwest Fisheries Center, National Marine Fisheries Service in Seattle.

Japanese fleet fished on the runs without restriction, and took 18.5% of the total catch, or 593,000 fish. In 1971 the Japanese took 584,000 immature fish from the 1972 run to bring their catch of salmon returning to Bristol Bay in the future year of 1972 to 1,181,000 fish, or 31.1% of the total catch.

RESENT JAPANESE

Bristol Bay fishermen sacrifice their fishing time, and hence their catch, to allow enough fish to spawn, and they resent the fact that the Japanese fleets, whom they feel have no claim to the fish, are under no such restrictions.

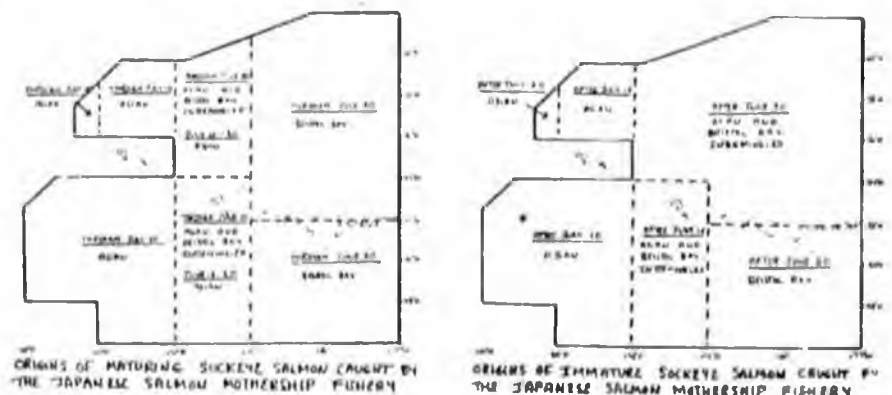
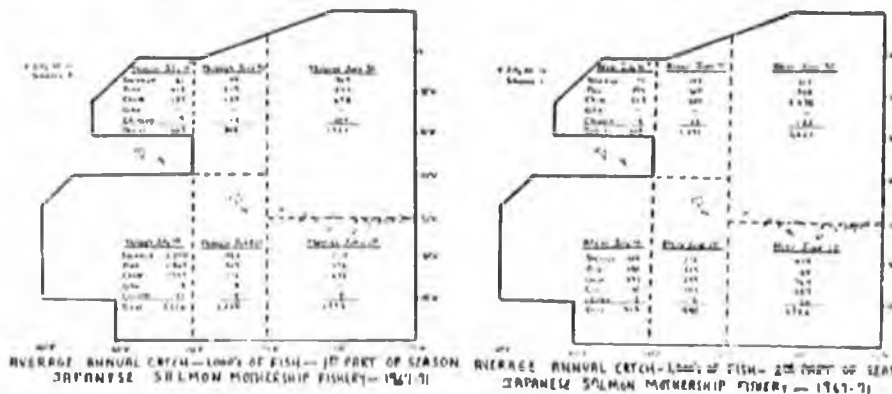
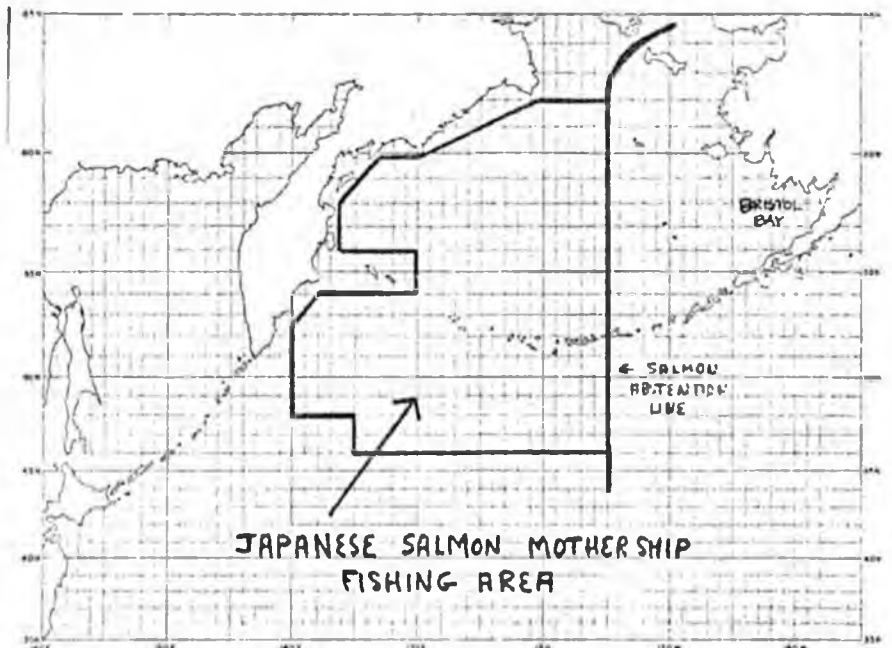
The U.S. industry also resents what they consider light punishment for those Japanese fishing vessels who violate the abstention line and fish illegally. The four Japanese vessels caught last summer fishing near Kodiak — almost 1,000 miles east of the abstention line — each received a 100 day suspension of fishing privileges, to run from April 30 to Aug. 7, 1973. Thus, they will not be allowed to fish for salmon, but apparently will be permitted to fish for any other species.

At the recent INPFC meeting held in Vancouver, B.C., the Japanese refused to restrict their fishing operations in areas where Bristol Bay fish are vulnerable next year, despite warnings that the 1973 run may be one of the smallest in history, and that the maximum number of fish must be available in the Bay to assure an adequate escapement. Preliminary reports indicate that the Japanese have already taken at least 50,000 fish from that fragile run.

It is in this atmosphere that Governor Egan has made his proposals, and as extreme as they are, he has found much support among his constituents.

There may be other solutions, however. Japan, like every other industrialized nation, has been experiencing a rapid inflation, and the impact of that inflation is being felt by the mothership fleets. Factory ships are an expensive luxury, and the cost of operating these ships remains fairly constant during periods of good and bad catches. Small catches in 1972 and the prospect of a small run of Bristol Bay fish in 1973 may discourage the high-seas fleet from fishing on the North American runs, and may also prompt the Japanese to reduce the total size of their salmon fleets.

The trend may lead to the eventual dissolution of the



CHARTS BY R.A. FREDIN

Japanese high-seas salmon fleet, but even the most optimistic observers admit that such a dissolution is far in the future.

Perhaps as insurance against the time when their high-seas fleets are forced by economics to abandon fishing for salmon, Japanese fishing and processing firms have been quietly buying into U.S. salmon canning companies. This assures them a portion of the North American production, but it also puts them in direct competition with their own high-seas fleets.

Economic and political considerations of the Bristol Bay situation are only half the problem. The other half involves management of the resource to assure that it provides as many fish as possible to the fishermen while leaving enough to spawn and perpetuate the run. Fisheries management is difficult under ideal conditions, and when the management agency, in this case the Alaska Dept. of Fish and Game, must compensate for an unknown quantity of fish, taken randomly from any of 10 or 11

river systems over a two-year period, the task becomes overwhelming.

RIVER MOUTHS

North American fishermen operate at river mouths generally on a single race of fish, so that the run to any given spawning area can be controlled simply by regulating the fishery. When the salmon are caught on the high-seas, however, all races are intermingled, and selective fishing to protect weak runs and crop strong runs is not possible. Thus, it is conceivable that due to high-seas fishing, a race of salmon could return in numbers too small to maintain the run at commercial levels, and it would be destroyed as a viable fishery for 20 or 30 years (four to six cycles, assuming a five-year cycle).

Thus the Japanese high-seas fishing fleet is a threat not only to the livelihood of Alaskans who fish Bristol Bay, but perhaps to the very existence of the salmon as commercially exploitable resources.

Atlantis

(Continued from page 16-A)

will allow her to make a quicker turn around, although it may sacrifice some carrying capacity.

The vessel will fish with a Northern Line No. 312 hydraulic seine winch and her hauling, corkline and powerblock-hoist winches are also Northern Line. Gearmatic winches will be used for topping both the main boom and the hauling boom, as well as for the vang and choker winches.

Her Marco powerblock is the 48" series.

Atlantis' electronic package is the standard tunaboat group. She has two Kelvin Hughes radars, two Furuno depth sounders (one a fish finder), a Raytheon angle sideband radio and an emergency set, two Intech VHF radios and a Courier citizen's band radio.



Line Strangling Bristol Bay Fishery

Fast Numbers on West Of It

I. Philips
 Editor
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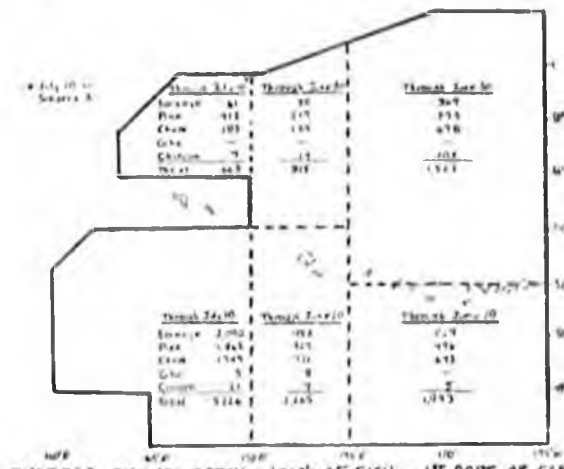
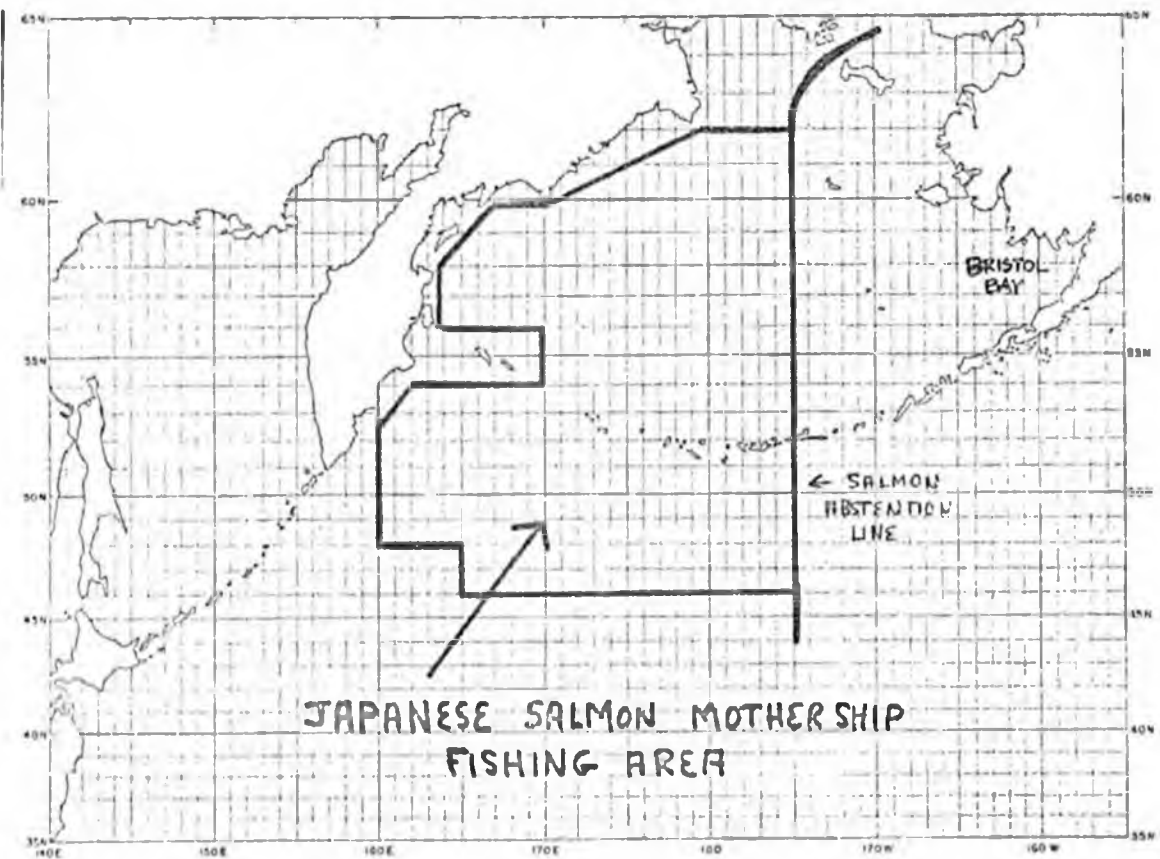
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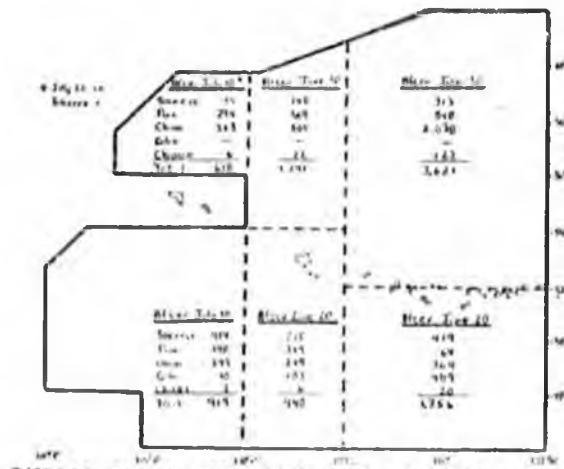
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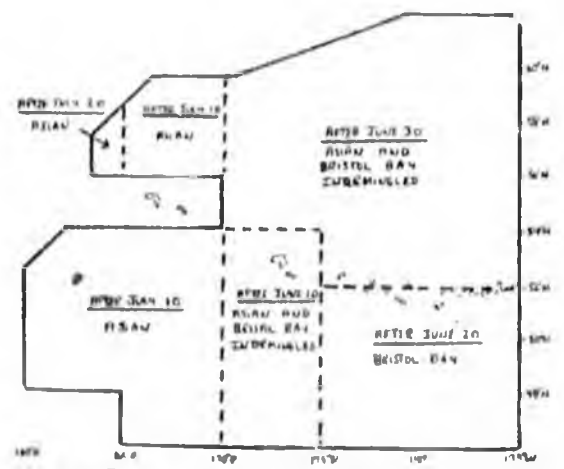
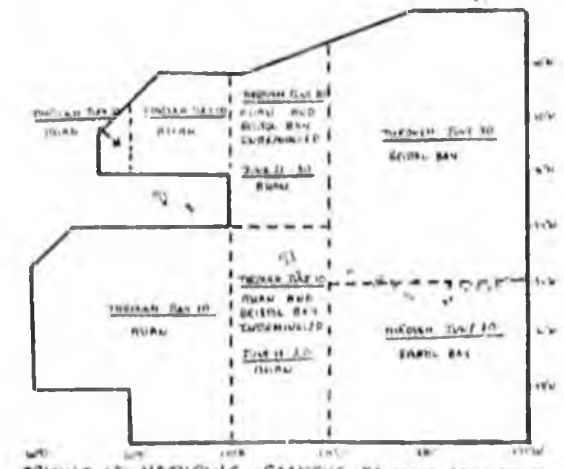
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AVERAGE ANNUAL CATCH—1,000's OF FISH—1ST PART OF SEASON
 JAPANESE SALMON MOTHERSHIP FISHERY—1967-71



AVERAGE ANNUAL CATCH—1,000's OF FISH—2ND PART OF SEASON
 JAPANESE SALMON MOTHERSHIP FISHERY—1967-71



Japanese high-seas salmon fleet, river systems over a two-year period, the task becomes

CHARTS BY R.A. FREDIN

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-

FISHERIES 1-1-1-

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 substandard.

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 preceding 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-curtailing 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 definitions 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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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 enterprises 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

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Director
State Dir.
State Sup.
H. D. Sup.
JUN 2 1971

the provisions of the contract shall be awarded to one of the parties, the prevailing party, whether he is the party specified in the contract or not, at trial or on appeal, shall be entitled to reasonable attorney fees in addition to costs and necessary disbursements.

(2) Attorney fees provided for in a contract described in subsection (1) of this section shall not be subject to waiver by the parties to any such contract which is entered into after the effective date of this Act. Any provision in such a contract which provides for a waiver of attorney fees is void.

(3) As used in this section "prevailing party" means the party in whose favor final judgment or decree is rendered.

(4) As used in this section "contract" includes any instrument or document evidencing a debt.

Approved by the Governor May 19, 1971.
Filed in the office of Secretary of State May 19, 1971.

CHAPTER 203

AN ACT

(HB 1328)

Relating to privately operated chum salmon hatcheries.

Be It Enacted by the People of the State of Oregon:

SECTION 1. (1) The commission may issue a permit, subject to such restrictions and regulations as the commission deems desirable, to any person to construct and operate a chum salmon hatchery.

(2) The application for a permit to construct and operate a chum salmon hatchery shall include an application fee of \$100.

SECTION 2. (1) Prior to issuance of any permit by the commission, a public hearing shall be held. Notice of the hearing shall be published at least once and at least 10 days prior to the hearing in a newspaper of general circulation in each of the counties in which the hearing is to be held, or if no such newspaper is published in that county or counties, then such a newspaper in an adjoining county.

(2) The hearing shall be conducted by either the commission or a representative designated by the commission.

(3) The commission shall notify the State Game Commission prior to any public hearing and shall obtain their recommendation on the proposed private hatchery.

SECTION 3. No permit shall be issued:

(1) Which may tend to deplete any natural run of anadromous fish or any population of resident game fish.

(2) Which may result in waste or deterioration of fish.

(3) If the proposed operation is to be located on the same stream or river or tributary thereof on which a state or federal fish culture facility is established or is planned to be established.

H-5

(4) If the proposed operation is not consistent with sound resource management and is not in close proximity to the ocean.

(5) If the commission determines the applicant does not have the financial capability to successfully construct and operate the hatchery or may not properly conduct the operation authorized under the permit.

SECTION 4. All fish released under this 1971 Act during the time they are in the wild will be the property of the state and may be taken under angling or commercial fishing laws of this state until they return to the private hatchery.

SECTION 5. Any permit granted by the commission pursuant to this 1971 Act shall contain at least the following conditions:

(1) All propagated fish released into state waters shall as far as the commission determines practical be marked.

(2) Prior to release into state waters, the fish must be subject to examination by a qualified fish pathologist approved by the commission to determine that they are not diseased or infected with any disease which in the opinion of the commission may be detrimental to the state fishery resources. Cost of such examination shall be paid by the permittee. No fish shall be released without written approval from the commission. The commission may require diseased fish to be destroyed. The commission shall not suffer civil or criminal liability for any fish destroyed under this section.

(3) The permittee may be authorized by the commission to divert all fish returning to the stream to an inspection area, the location of such area to be approved by the commission, to examine all fish for the purpose of identifying propagated fish.

(4) Notwithstanding the provisions of ORS chapters 509 and 511, the permittee shall have the right to take for commercial purposes, only those fish the commission determines were propagated by the permittee, and the commission's decision is final.

(5) It shall be unlawful for the permittee to conduct any activity not authorized by the permit or fail to conduct activities required by the permit without approval of the commission.

(6) The permittee shall pay all reasonable costs incurred by the commission as a result of the operation of the private hatchery.

SECTION 6. (1) If the commission finds that the operation described in the permit is not in the best public interest, it may alter the conditions of the permit to mitigate such adverse effects or may cause an orderly termination of the operation under the permit. Proceedings to cause such termination or termination shall be conducted in accordance with ORS chapter 183. An orderly termination shall not exceed a four-year period and shall culminate in the revocation of the permit in its entirety. During this period the permittee may continue to examine and take specified propagated chum salmon according to the provisions of the permit but may not release additional fish.

(2) If the commission finds the operation has caused deterioration of the natural run of anadromous fish or any population of resident game

fish in the waters covered by the permit, it may require the permittee to return the fish populations to the same condition that existed prior to issuance of the permit. The State Game Commission may require the permittee to return the resident game fish population to the same condition that existed prior to issuance of the permit. If the permittee fails to take appropriate action, the Fish Commission of the State of Oregon or the State Game Commission may take such action and the permittee shall bear any cost incurred by either commission.

SECTION 7. The commission, after first assuring all natural and artificial fish production needs of this state have been met, including the needs of all federal and other state fish culture facilities located on the Columbia River and its tributaries, may provide at a reasonable fee chum salmon fish or the sexual products therefrom to any person granted a permit by the commission pursuant to this 1971 Act.

SECTION 8. The provisions of ORS chapter 508 shall apply to the buying and sale of chum salmon artificially reared under any permit granted by the commission pursuant to this 1971 Act.

SECTION 9. Nothing in this 1971 Act is intended to give the permittee any equity in any of the waters or fish of the state.

SECTION 10. Nothing in this 1971 Act shall imply an intent to permit commercial fishing in any rivers south of the mouth of the Columbia River except as provided in subsection (4) of section 5 of this Act.

SECTION 11. All moneys received by the commission under this 1971 Act except those under section 8 of this Act shall be paid over to the State Treasurer to be held in a suspense account established under ORS 293.445. After the payment of costs of administration incurred by the commission in carrying out the provision of this 1971 Act, that portion of the balance of the moneys in this suspense account as of the end of each fiscal year shall be deposited to the General Fund for general governmental purposes.

Approved by the Governor May 19, 1971.

Filed in the office of Secretary of State May 19, 1971.

CHAPTER 204

AN ACT

[SB 345]

Relating to workmen's compensation benefits; amending ORS 656.210; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

Section 1. ORS 656.210 is amended to read:

656.210. (1) When the total disability is only temporary, the workman shall receive during the period of that total disability compensation equal

POLICIES AND PROCEDURES PERTAINING TO THE OPERATION
OF PRIVATE CHUM SALMON HATCHERIES IN OREGON

Fish Commission of Oregon
September 1971

The following policies and procedures have been adopted by the Fish Commission under the authority of Chapter 203, 1971 Oregon Laws, pertaining to private chum salmon hatcheries. The policies apply to all permit holders and will be amended or changed as the Commission deems desirable to protect the resource or to uphold the best public interest.

General

1. Permits are not transferable. If a permit holder sells his hatchery the new owner must apply for a new permit.
2. The private hatchery operator is responsible for obtaining his own eggs. Source of the eggs must first be approved by the Fish Commission.
3. Eggs at the state hatchery on Whiskey Creek, tributary to Netarts Bay, may be available for purchase by permit holders. We expect a few eggs to be available in 1972 and perhaps up to 3 million in 1973.
4. Eggs, and the resulting alevins, sold to permittees by the state shall not be resold.
5. Under no conditions are eggs and fish to be transferred in any way to waters other than specified in the permit.
6. Surplus chum salmon gametes from fish returning to private hatcheries may be made available to the state and/or authorized operators of other private hatcheries in Oregon. Eggs transported to other locations shall be treated as specified by the Fish Commission pathologist to prevent disease transmission.
7. Pathology examinations shall be conducted by Fish Commission pathologists.

Purchase of Eggs from Netarts Hatchery

1. Priority among permit holders to purchase eggs from the state shall be according to date application was filed with the Commission (first come - first served). In the case of persons expressing interest before the law was in effect, priority shall be according to date of written interest as filed with the Commission.

2. Term of priority for purchasing eggs will generally be 3 consecutive years. The Commission will make exceptions as it deems desirable.
3. Up to one (1) million eggs will be sold to the first permit holder before selling any to the holder next on the list; and so on down the list. If permit holders do not wish to buy the entire 1 million eggs reserved for them, the state may sell the remainder to the permit holder next in line as part of his 1 million egg quota. If eggs are still available after each permit holder has had a chance to buy 1 million eggs, the procedure will be repeated until all available eggs have been sold.
4. The charge for eggs from Netarts Hatchery shall be \$5.00 per female spawned. The basis for this is \$2.00 per thousand eggs and an average of 2,500 eggs per female. The eggs will not be counted.
5. Only "green" (newly spawned) eggs will be made available at Netarts Hatchery. Buyers must be willing and prepared to take small lots (10,000 or more) of eggs on a daily basis.

Services Charges

In compliance with Section 5 (2) and (6) of Chapter 203, 1971 Oregon Laws, permit holders shall be charged for "reasonable costs" for services incurred by the Fish Commission as a result of the operation of private chum salmon hatcheries. The following services are anticipated; others may arise of an unforeseen or emergency nature.

1. Biologist services for inspecting fish racks and fish sorting devices and procedures.
2. Pathologist services for examining fish prior to release.
3. Costs result from problems requiring Commission action; i.e., the hatchery operation causes a deterioration of the natural run of anadromous or resident populations which requires investigation and revision of the permit.
4. An overhead charge of 15% will be assessed against direct costs to cover administrative costs.

The amount charged will be the actual wages (including other personnel expenses), travel expenses, and required supplies. Permit holders will generally be informed of necessary service charges before such services are rendered.

PRIVATE CHUM HATCHERY APPLICATION

Fish Commission of Oregon
307 State Office Building
1400 S.W. 5th Avenue
Portland, Oregon 97201

Name _____
Last Middle First
Initial

Address _____
Street or Box No. City Zip

Phone _____
Office Home

Business (Give name and nature) _____

Location of Proposed Hatchery

Stream name _____

Tributary of (Name of major stream or bay) _____

County _____

Description of Property (Legal description, landmarks, miles from stream mouth)

Owner of Property _____

If leased, duration of lease _____

Financial Statement

Condition at close of business _____, 19____

<u>ASSETS</u>			<u>Amount</u>
1. Cash: On hand \$ _____	In Bank \$ _____	Elsewhere \$ _____	. . . . .
2. Notes receivable: Due within 90 days . . . . .			. . . . .
Due after 90 days . . . . .			. . . . .
Past due . . . . .			. . . . .
3. Accounts receivable . . . . .			. . . . .
4. Deposits for bids or other guarantees: Recoverable within 90 days . .			. . . . .
Recoverable after 90 days . . . . .			. . . . .
5. Interest accrued on loans, securities, etc. . . . .			. . . . .
6. Real Estate: Used for business purposes . . . . .			. . . . .
Not used for business purposes . . . . .			. . . . .
7. Stocks and bonds: Listed--present market value . . . . .			. . . . .
Unlisted--present value . . . . .			. . . . .
8. Materials in stock . . . . .			. . . . .
9. Equipment, book value . . . . .			. . . . .
10. Furniture and fixtures, book value . . . . .			. . . . .
11. Other assets . . . . .			. . . . .
Total Assets*			. . . . .

<u>LIABILITIES</u>			
1. Notes payable: To banks regular . . . . .			. . . . .
To banks for certified checks . . . . .			. . . . .
To others . . . . .			. . . . .
2. Accounts payable: Not past due . . . . .			. . . . .
Past due . . . . .			. . . . .
3. Real estate encumbrances . . . . .			. . . . .
4. Other liabilities . . . . .			. . . . .
5. Reserves . . . . .			. . . . .
6. Capital stock paid up: Common . . . . .			. . . . .
Preferred . . . . .			. . . . .
7. Surplus (net worth) . . . . .			. . . . .
Total Liabilities*			. . . . .

* The amounts shown as "Total Assets" and "Total Liabilities" must be identical.

I declare that I have examined this application, including the financial statement, and to the best of my knowledge and belief it is true, correct, and complete.

(Signature of Applicant) _____

XE - Eugene, Oregon, Michie
12/9/71 Michie

December 1, 1971

PRIVATE CHUM SALMON HATCHERY PERMIT

In accordance with the provisions of Chapter 203, Oregon Laws 1971, Keta Corporation, an Oregon corporation, is authorized to construct and operate a chum salmon hatchery on Sand and Jewell Creeks, Tributaries of Sand Lake, in Tillamook County.

The following restrictions shall apply to the construction and operation of the Keta Corporation's private chum salmon hatchery:

1. All of the provisions of Chapter 203, 1971 Oregon laws shall apply.
2. The permit shall be contingent upon getting an approved water right for withdrawing water from Jewell Creek to operate the hatchery.
3. The design of the fish rack and trap, as well as location shall be approved by the commission before the rack and trap are installed.
4. The rack must be attended and the fish trap emptied daily during the entire period the rack and trap are operated. Attention must be given to operation of the facility to prevent theft of fish, to adjust for changing water conditions, and to otherwise prevent damage to fish which might be blocked or trapped.

5. All species of fish caught in the trap, other than chum salmon, shall be placed upstream as promptly and carefully as possible.
6. For three years starting in 1971 chum salmon from the Sand Creek system shall be allowed to be used for hatchery stock as per the following directions:
 - a. The first 25 female and 25 male chum salmon which appear at the rack(s) shall be placed upstream.
 - b. The next 50 female and 50 male chum salmon may be spawned.
 - c. The next 50 female and 50 male chum salmon are to be released upstream for natural spawning.
 - d. The next 50 female and 50 male chum salmon may be spawned.
This is all the fish that can be spawned and will provide an estimated 250,000 eggs.
 - e. If any more chum are trapped they shall also be placed upstream for natural spawning.
 - f. During the three years natural stocks are being utilized as hatchery brood stock the fish rack(s) shall be opened on December 1 and no more fish of that run trapped after that date.
7. All carcasses of chum salmon spawned from native stock in 1971, 1972, and 1973 shall be delivered promptly to the Fish Commission for state disposal.
8. A record shall be maintained for the commission of the species, number, and date fish are placed above the trap and of the number of fish which die in the trap or are spawned.
9. One dollar per thousand shall be paid to the State of Oregon for eggs collected from native fish spawned from the Sand Creek system in 1971, 1972, and 1973. To avoid the necessity of counting eggs, a charge of \$2.50 per female will be imposed (calculated by estimating that, on the average, each female will have 2,500 eggs).

The amount charged will be the actual wages (including other personnel expenses), travel expenses, and required supplies. The permit holder will generally be informed of necessary service charges before such services are rendered.

Adopted and signed this first day of December, 1971.

FISH COMMISSION OF OREGON

COMMISSIONER

VICE-CHAIRMAN

COMMISSIONER

10. Beginning in 1974 all chum salmon returning to the Sand Creek rack in excess of the greatest number of chum handled during 1971, 1972, and 1973 will be considered as fish produced by the hatchery and may be killed and disposed of by the Kota Corporation.
11. Beginning in 1974 the greatest number of chum salmon that were handled at the Sand Creek rack in 1971, 1972, and 1973^{see p.} be placed above the rack before any fish are claimed and killed by the Kota Corporation.
12. The above restrictions will be reviewed annually by the Fish Commission and desired modifications will be made after consultation with the permittee.

SERVICE CHARGES

In compliance with Subsections (2) and (C) of Section 5 of Chapter 203, 1971 Oregon Laws, the permit holder shall be charged for "reasonable costs" for services incurred by the Fish Commission as a result of the operation of this private chum salmon hatchery. The following services are anticipated; others may arise of an unforeseen or emergency nature.

1. Biologist services for inspecting fish racks and fish sorting devices and procedures.
2. Pathologist services for examining fish prior to release.
3. Costs resulting from problems requiring commission action, i.e., the hatchery operation causes a deterioration of the natural run of anadromous or resident populations which require investigation and revision of the permit.
4. An overhead charge of 15 percent will be assessed against direct costs to cover administrative costs.

CSHB 126



JUNEAU ALASKA

Alaska State Legislature

House

HOUSE RESOURCES

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HOUSE RESOURCES COMMITTEE REPORT

on

CSHB 126

CSHB 126 retains the basic structure and objectives of HB 126, but would require the limited entry commission to utilize a voluntary buy-back program in order to reach optimum levels of gear in the various commercial fisheries. The commission would still proceed area by area and would deal independently with each type of gear. However, instead of making an initial reduction to the optimum number of units of gear, the commission would issue entry permits at the present level of fishing effort and reduce the amount of gear to optimum levels through a voluntary buy-back program. In those fisheries where the present level of gear is acceptable, no buy-back program would be required.

The only exception to this freeze at the present level of effort would be three specifically enumerated distressed fisheries, where an initial reduction to 75 per cent of present gear levels would be permitted. The distressed fisheries enumerated in CSHB 126 are the Bristol Bay drift net and set net fishery, the Cook Inlet drift net and set net fishery, and the Prince William Sound drift net fishery.

The buy-back program would be self-financing. It would be funded by assessments on the holders of entry permits based on a percentage of the value of their annual catch. Separate buy-back funds would be administered for each area and type of gear as required and assessments would be made only on catch values attributable to the entry permit for the given area and type of gear.

The Commission would adopt regulations providing for the purchase of entry permits, and vessels and gear as necessary, until the number of units of gear was reduced to optimum levels. Once the optimum gear level was reached, the buy-back program would terminate for that area and type of gear.

CSHB 126 also makes special provision for establishing the initial number of entry permits in the troll fishery. Rather than issue permits at the present level as with other types of gear, anyone who has licensed and fished troll gear at least one out of the last three years would receive an entry permit for troll gear at the outset of the program. After entry permits have been issued for the troll fishery, it would come back under the general program and be reduced to optimum levels through a voluntary buy-back program. An amendment to the definitions also makes it clear that the commission is to treat power troll gear and hand troll gear separately for the purpose of issuing entry permits.

A new section was added providing for the emergency transfer of entry permits. This will allow the temporary transfer of a permit when sickness, injury, or other unavoidable circumstance temporarily makes it impossible for a holder to fish his gear.

During deliberations on HB 126 the possible problems resulting from the transfer and sale of entry permits were considered at some length. Concern was expressed that the free transferability of entry permits might result in a pattern of economic coercion against fishermen holding permits. Fear was expressed that the general lack of adequate financing for fishermen, particularly in some areas of the state, might make it possible for those providing financing to indirectly control entry permits to some degree.

Certain safeguards against the abuse of the transfer provisions were contained in HB 126 and have been retained in the committee substitute. Entry permits cannot be held by corporations, and can only be fished by the holder. Entry permits cannot be pledged as security for loans or taken pursuant to judgement. To these protections, CSHB 126 has added a special protection for low-income fishermen. When a fishermen whose family income is below federal poverty guidelines receives an entry permit, he may avoid the \$50 annual fee for five years by electing to take his entry permit subject to a five-year prohibition on transfer.

These special fee provisions should help low-income fishermen in two ways. First, it will remove the opportunity for economic coercion aimed at taking their entry permits away from them. Second, it will remove the direct economic burden of the \$50 annual fee.

Page 3

House Resources Committee Report - CSHB 126

One more major amendment was included in CSHB 126. HB 126 applied only to the salmon fishery. The committee substitute would allow the commission to designate the specific fishery resources to be subject to limited entry. This would enable the commission to extend limited entry to other fisheries such as the crab and shrimp fisheries without additional legislation.

In addition to the major changes discussed here, CSHB 126 contains several clarifying and consolidating amendments which should improve the basic approach and procedures set forth in the initial bill.

Joe McGill, Chairman
House Resources Committee

S B 39

ECONOMIC AND ADMINISTRATIVE ASPECTS

OF SENATE BILL NO. 39

- Dr. George W. Rogers -

The purpose of this memorandum is to present the Special Senate Fisheries Committee with a very preliminary and tentative analysis of some of the more important economic and administrative implications of the most recent (March 22, 1972) version of the Committee Substitute for Senate Bill No. 39 regulating entry into Alaska commercial fisheries. The narrative analysis presents a general impression of the technical and administrative tasks which the Alaska Commercial Fisheries Entry Commission will deal with in implementing the provisions of this bill, and the statistical analysis and tables provide very general, guidelines for this Committee in evaluating the probable magnitude of the employment, income, and other measureable impacts.

At the outset the limitations of the report should be clearly understood. This is in no way a substitute for the sort of detailed studies and evaluations needed, but is a quick survey of only a selection of the most basic provisions utilizing readily available data or estimates. It represents the part-time effort of one person for approximately four and a half days (March 21 through 25). Time did not permit consideration of alternative approaches and data or consultation with others.

Even during this brief period the bill underwent continuous revision requiring basic changes in my interpretations. (The substitution of the word "optimum" for "maximum" is one obvious example.) For this reason any references to the bill in the text are identified in parentheses so the reader may check for further changes. In short, this is a preliminary reconnaissance and any statements or conclusions are subject to future revision based upon further consideration or action by the Committee in drafting the bill.

Not all aspects of the bill have been covered. The administrative and economic analysis is general and applies only to the general process of the Committee in establishing specifications for entry permits (definition of area, gear, species), determining the optimum number of permits to be issued in each fishery, classification of applicants for permits and estimating the financing and administration of the buy-back program. Time did not permit consideration of a number of important qualifying provisions in the bill, an exploration of economic implications of transferability, or a comparative evaluation of other bills and proposals.

Only two sources of data were drawn upon: the Governor's Study Group on Limited Entry, A Limited Entry Program for Alaska's Fisheries (referred to below as the Governor's study) and Institute of Social, Economic and Government Research, A Study

of the Socio-Economic Impact of Changes in the Harvesting Labor Force in the Alaska Salmon Fishery (December 1972) prepared for the National Marine Fisheries Service (referred to below as the ISEGR study). More recent statistical data is available, but would require several weeks of clerical work to extract, compile, and analyze and these two sources are considered to be recent enough (1970 and 1971) for present purposes. Where critical data was not available in these sources, proxy data was used (e.g. the use of actual harvest data for allowable harvest data) or estimates were made. An adequate data base would yield somewhat different results, but in my judgement (which could also be in error) the general conclusions arrived at would not differ significantly. The most the Committee should expect from this quick survey are "ballpark" estimates which are far from adequate for implementing any programs, but which are useful in defining the broad nature and probable magnitude of impacts from these programs and getting their implications into perspective.

Basis for Establishing Entry Permits -- Fisheries, Administrative Areas, Gear

The purposes to be served by the proposed Alaska Commercial Fisheries Entry Commission are promotion of the "economic welfare of fisheries of the state, the overall efficiency of the harvest, and the sustained yield management of the fishery resource" by means of "regulating and controlling entry into the commercial fisheries in the public interest and without unjust discrimination and without unreasonably and seriously curtailing economic opportunities." (Section 10)

The device to be used in promoting these purposes is an entry permit which is characterized as a "use privilege which may be modified or revoked by the legislature without compensation" and is to be treated as a form of "intangible personal property" by the holder (Sect. 230 (e)(f)).

After January 1, 1974, no person (including partnerships and corporations) may operate gear in the commercial taking of a fishery resource without an entry permit (or interim-use permit) issued by the Commission. Each permit represents a unit of gear (not a fisherman) and is limited to the use of a specific type of gear in a given fishery and administrative area (Sect. 180).

It is purposed that all commercial fisheries in the State are to

bs subject to this regulation, but for purposes of this analysis the species considered are limited to salmon. These fisheries not only appear to be the most seriously threatened and are the most important commercially, but the greatest amount of relevant data are available for them in the two studies referred to above. Time did not permit generation of additional data for consideration of other fisheries.

Administrative areas are to be established by the Commission which are suited to the regulatory purposes of the act and "reasonably compatible" with geographic areas used in the regulations of the Board of Fish and Game (Sect. 150). For present purposes, the regions established in the ISEGR study and used in Part 3 of the Governor's study are taken as the administrative areas (Figure 1). These are combinations of salmon net regulation areas and management areas into geographic areas which in the judgement of the investigators represented identifiable local economic areas. The Commission may establish a different set of areas, of course, but these do meet the requirements of the act in providing the framework for relating the resource management areas (reflecting the resource sustained yield concerns) to the larger socio-economic areas of first impact (reflecting the welfare and economic concerns).

Type and unit of gear are defined in regulations of the Board of Fish and Game (Sect. 340, (5), (8) (9), but this analysis will

FIGURE 1 -- STUDY REGIONS AND 1970 CENSUS DIVISIONS



be limited only to salmon purse seines, drift gill nets, set gill nets, power troll gear and hand troll gear. The numerical and catch importance of other gear (such as beach seines, traps and fish wheels) are such that they can be ignored for the present.

Some indication of the differences in the nature of the salmon fisheries in each area is given by the relative composition of the harvesting labor force by type of gear fished (Table 1) and of the area economies by the industrial composition of their total work force (Table 2).

TABLE 1
 RELATIVE SALMON FISHERMEN EMPLOYED BY ADMINISTRATIVE AREA
 OR TYPE OF GEAR, JULY 1970

Administrative Area	Purse Seine	Drift Gillnet	Set Gillnet	Troll	Other *
(Percentage of Total Fishermen)					
Southeastern	60.3	10.9	3.4	25.2	0.2
Prince William Sound	77.8	19.8	2.1	0.3	-
Cook Inlet	13.0	65.0	22.0	-	-
Southwest	84.5	4.2	10.8	-	0.5
Bristol Bay	-	71.2	28.8	-	-
Arctic-Yukon- Kuskokwim	-	36.4	62.7	-	0.9

* Beach seines, traps, fish wheels

Source: ISEGR Study, Volume 1, page 31

TABLE 2

INDUSTRIAL COMPOSITION OF ADMINISTRATIVE AREAS

TOTAL EMPLOYED WORKFORCE, CALENDAR YEAR 1970

Administrative Area	Commercial Fishing (All Species)	Other Commodity Producing Industries (a)	Government (b)	Distributive Industries (c)	Unclassified and Other (d)
(Percent of Total Employment (e))					
Southeastern	4.9	20.7	37.5	30.0	6.9
Prince William Sound	11.4	16.6	37.0	23.2	11.8
Cook Inlet	5.0	31.6	20.4	28.4	14.6
Southwestern	9.5	14.3	61.0	12.2	3.0
Bristol Bay	20.5	30.9	34.5	9.2	4.9
Arctic-Yukon-Kuskokwim	3.9	10.4	54.0	28.3	3.4

- a) Food processing (primarily fish), other manufacturing, mining, construction, agriculture
- b) Includes members of the armed forces
- c) Transportation, communications, utilities, trade, services, etc.
- d) Self-employed and non-paid family workers, other than fishing and agriculture
- e) Based on twelve-month averages for year

Source: ISEGR Study, Volume 1, page 28

Determining the Number of Entry Permits

The optimum number of entry permits for each type of gear within each fishery and administrative area are to be determined annually by the Commission in accordance with three standards reflecting the efficiency, economic welfare, and management purposes of the act (Sect. 160 and 170). The very recent substitution of the word "optimum" (i.e. best or most favorable) for "maximum" (i.e., the greatest number possible) in this section and elsewhere is a significant amendment. Because the three standards are related to different purposes, the number of units of gear calculated will differ, the "best" (not highest) result being the "optimum" to be used as a basis of issuing permits. The determination of "best" goes beyond simple arithmetic exercises to which this analysis is limited.

(1) The first standard is that the number of units of gear be sufficient to maintain a "financially healthy fishery" and "result in a reasonable average rate of economic return" to participating fishermen. "Fishery" is defined in terms of species, type of gear, and area (e.g., the Bristol Bay salmon drift gill net fishery). There is some ambiguity, however, as to the meaning of "participating fishermen." As used in the ISEGR Study and in parts of the Governor's study this would mean all persons engaged or employed

in the harvesting of fish (i.e., gear operators, crew members, net handlers, etc.) and in annual catch and production reports of the Department of Fish and Game it means all persons holding commercial fishing licenses. There is a suggestion in the third standard (Sect. 160 (a) (3)) that this meaning is intended, but the overwhelming impression elsewhere is that "participaing fishermen" is limited to the vessel or gear operator, or the holder of the gear entry permit. For the present analysis, the last meaning (gear or vessel operator) is accepted for the first two standards and the first meaning (all persons employed) for the third standard. It should be noted that the conclusions arrived at, however, would be significantly different if the broader definition were used in all standards.

"Financially healthy fishery" is defined as one in which the participating operators are financially able to maintain and improve their gear and vessels and are free from economic pressure to violate laws and regulations. The first element of this definition can be established by the Commission on the basis of surveys of participants (or a sample of participants) in each fishery to determine the actual cost of maintaining and replacing their vessels and gear

and their judgement as to how much more would be required to afford a margin to cover the risk of experimentation with new and possibly more efficient gear. The resistance to the temptation to violate law and regulation would be a function of the total economic well-being of the participants in the subject fishery. A basis for this can be provided by the Department of Revenue in the form of a compilation for each fishery of pertinent data extracted from state income tax filings made by all persons holding entry permits or gear licenses.

It is assumed that the reference to a "reasonable average rate of economic return" (emphasis added) means the adjustment up or down in the average actual net income received by all gear operators in each fishery required to equal a combination of a reasonable rate of return on investment in vessel and gear (as determined by the current commercial interest rate or similar measure) and a reasonable return for labor expended (as determined by current wage rates in comparable employments). The Commission will be exercising an element of subjective judgement in its determination of what is "reasonable", but once the appropriate interest and wage rates are selected the remaining calculation can be made from data compiled

to meet the other standards in this section.

It will require several months of intensive work by the Commission staff to generate the necessary data for the initial application of this standard to the determination of the optimum number of permits.

This brief analysis, therefore, makes no attempt to approximate this. The general observation can be made, however, that in almost any conceivable case, it would tend to reduce the number of entry permits below that arrived at by application of either of the remaining standards. In the absence of these further qualifications, the logical and final outcome of the exclusive application of this "financially healthy" standard would be the creation in each fishery of a relatively small elite group of well-equipped, efficient gear operators who consistently enjoyed good to excellent levels of income.

The economic return aspects of the standard strongly imply that the benefits of the economic efficiency aspects of the second standard are to be shared among the surviving fishermen and not be passed on as a cost reduction to the processors. This would justify the presence of this standard in the act.

(2) The second standard is that the number of units of gear be sufficient to "fully harvest the [five year] average allowable commercial take of the fishery resource in an orderly, efficient manner based upon sound management techniques." According to the definitions section of the act (Sect. 340 (1)), "allowable take" is determined by the regulations of the Board of Fish and Game and the emergency regulations of the Commissioner of the Department of Fish and Game. By definition it can be assumed that these regulations meet the requirement of "sound management techniques," unless it is intended that the Commission have a review and veto power, which is unlikely.

The Commission is left with responsibility for determining whether the number of units of gear is such as to provide the full average annual allowable harvest of the "fishery resource" in an "orderly, efficient manner." Provision is also made for the issuance of temporary entry permits to harvest peak runs exceeding the five-year average (Sect. 228). This interpretation is made on the assumption that "peak run" refers to the high run of a fishery cycle, not the seasonal peak of the annual run.

Several critical matters of definition are present here.

The allowable harvest is related not to the "fishery" (which is determined by the resource, gear, and area) but to the "fishery resource" (which is determined only by the resource and area and has nothing to do with the form in which the harvest is accomplished). It would appear from the present language of this subsection therefore, that the Commission has the power not only to limit numbers of units of gear but also to shift the harvest from less efficient types of gear to more efficient. It is possible in some areas, therefore, that the number of entry permits in one salmon fishery might be decreased while the number in another would be increased in the interest of increasing the overall efficiency in the harvest of the "fishery resource."

The Commission will have to establish its own definition and measures of "efficiency" in accordance with the nature of each fishery resource and available data. In their study of the Bristol Bay red salmon drift gill net fishery from 1934 to 1959, for example, Crutchfield and Pontecorvo (1969) defined efficiency in terms of catch per fathom of gear licensed and calculated the amount of unnecessary gear in each season by comparing the total number of fathoms actually licensed (their proxy for the amount used) each year with the number of fathoms required to harvest the same catch if the

fishery were operating at its optimum efficiency (in this case the average catch per fathom achieved in the 1942 and 1943 seasons). On the basis of statistics available in the ISEGR Study, the present analysis will define and measure efficiency for each fishery for the period 1966 to 1970 in terms of the average weekly number of vessels or units of gear fishing in the high month of the season and the total catch. The Commission would use a different time period in order to arrive at a better base for determining optimum efficiency (their period should be longer and more current than my data permits) and should use weekly or daily data in order to assure setting the optimum number at a level sufficient to harvest the seasonal peak of each run.

In making the approximate calculations in this analysis, time did not permit a compilation of all of the Board's regulations and the Commissioner's emergency regulations for each fishery resource over the last five years.

Instead the actual harvest for the five years 1966 to 1970 is taken as a proxy for this data. These figures will differ from those which the Commission may compile, of course, because different time periods and data are used. If there is indeed general overcapacity in all fisheries, however, it can be assumed that the actual

harvest is a reasonable approximation to the original allowable harvest as amended during the season by the Commissioner.

Table 3 summarizes the results of the analysis of the five-year period, 1966 to 1970, in terms of units of gear registered, fished, and the calculated number needed to accomplish the average annual harvest at the maximum level of efficiency (fish caught per unit of gear) achieved during the period. The difference between gear registered and gear fished is a general measure of non-participation. The difference between the number of different units of gear fished during the total season and the number active during the week of highest landings is one rough measure of the excess gear engaged in each season (i.e., theoretically it should have been possible to accomplish the same harvest with only the number of units required to harvest the peak run). The difference between the number of units fished during the year (the second column of the table) and the units needed at levels of maximum efficiency (the fourth column) is intended as an indication of excess gear in terms of numbers of units used and efficiency of their use. This is the calculation made by Crutchfield and Pontecorvo in measuring the dissipation of economic rent or potential economic

TABLE 3

Gear Registered, Fished and Needed, ~~Average~~ A Five Year Average Salmon Harvest By Fishery, 1966-1970

Fishery (Gear & Admin. Area)	Annual Average, 1966 - 1970			Units of Gear Needed at Maximum Efficiency
	Units of Gear Registered	Units of Gear Fished		
		During Year	During High Week	
<u>Southeastern</u>				
Purse Seine	440	407	368	228
Drift gill net	403	329	283	194
Set gill net	175	130	114	90
Troll	2,123	1,766	794	659
<u>Prince William Sound</u>				
Purse Seine	201	183	123	127 ^{La} 80
Drift gill net	493	400	364	287
Set gill net	30	13	11	11
Troll	17	5	3	2
<u>Cook Inlet</u>				
Purse Seine	78	71	39	31
Drift gill net	619	568	412	234
Set gill net	683	545	320	197
<u>Southern</u>				
Purse Seine	496	440	328	244
Drift gill net	123	112	88	73 57
Set gill net	309	190	144	109
<u>Bristol Bay</u>				
Drift gill net	1,811	n.a.	1,625	771
Set gill net	899	n.a.	529	336
<u>Arctic - Yukon - Kuskokwim</u>				
Drift gill net	572	518	379	302
Set gill net	664	580	358	226

n.a. = data not available.

^{La} 1969 not considered as possible error in data.

SOURCE: Appendix Tables 1 and 2. ISEBR study, Vol. 2, Appendix E.

yield in the Bristol Bay drift net fishery and has been used by other economists in demonstrating the degree of inefficiency present in any free entry fishery.

Although such exercises have been effective in making the general case for limiting entry, their use as a means of implementing such programs can be dangerous because their concept of "efficiency" is unrealistic in practice. Appendix Table 2 of this brief, for example, indicates the efficiency of purse seines in the Southeast area ranged from 63,600 fish per unit in 1966 to 15,900 in 1967 and in the Southwest area from 54,300 fish per unit in 1970 to 8,500 in 1967. Clearly what all of the theoretical models have overlooked is that efficiency is a function not only of the fishermen and gear engaged in the harvest, but the availability of fish (i.e., the year of the harvest in the long-run salmon cycle for each race), sea and weather and other factors beyond human control. The present bill does attempt to take this into account, however, by providing for issuance of additional temporary entry permits to harvest peak runs (Sect. 228) and annual Commission review (Sect. 170). Also when effective control of entry into fisheries is established, the Board and Commissioner will be able to depart from

past impositions of inefficiency upon harvesting as a means of conservation and maintain the maximum allowable commercial take with fewer units of gear.

(3) The third standard would set the optimum number of permits at a level "sufficient to avoid serious curtailment of economic opportunities available to all persons, resident or nonresident, considering other economic opportunities reasonably available to them." (Emphasis added). As already noted above, the application of this standard goes beyond the gear owner or operator (the holder of the entry permit) to include all persons employed in fishery harvesting. The Commission will have to determine for each fishery the total employment generated by commercial fish harvesting, the relative importance of this employment in the total economy (including non-fishing activities) of each administrative area, the general economic health and alternative employment situation in each area (trends in development, unemployment rates, etc.), relative re-employability of displaced worker (through training, relocation, etc.) and the role of fisheries employment in maintenance of different Alaskan life styles (subsistence living, homesteading, pleasure boatings, etc.).

The ISEGR Study was intended to provide a basis for

estimating the employment impact of gear limitations and its social and public program implications. The analytical discussion and extensive statistical data base provided in this study are recommended to this Committee as a reference source.

Table 4 summarizes a very limited selection of social and economic data for each of the administrative areas for the year 1970 to suggest the variation in economic opportunity conditions. The Commission will develop other and more current measures beyond these and will have to arrive at a basis for determining in each area the level at which a contemplated cut-back in units of operating gear will result in decrease in numbers of jobs sufficient to constitute "serious curtailment of economic opportunities." Clearly such determinations are beyond the scope of this analysis, but adjustment in the estimated optimum numbers has been made in the case of Bristol Bay and the Arctic-Yukon-Kuskokwim areas to assure continued participation of those resident fishermen who indicated that fishing was their sole or primary cash employment (source of data in ISEGR Study). These are the areas with the most limited alternative employment opportunities and the least mobile population and workforces in the state.

TABLE 4

SELECTED SOCIAL - ECONOMIC CHARACTERISTICS OF ADMINISTRATIVE
AREA POPULATION - 1970

	<u>Southeast</u>	<u>Prince William Sound</u>	<u>Cook Inlet</u>	<u>Southwest</u>	<u>Bristol Bay</u>	<u>Arctic- Yukon- Kuskokwim</u>
Median income, all families with income	\$13,601	\$12,167	\$12,766	\$10,253	\$ 7,284	\$ 5,398
Percent families with income less than 125% national poverty level (a)	10.0%	14.5%	10.0%	13.5%	39.0%	54.8%
Median years of school completed						
Males	12.3	12.2	12.3	12.3	9.7	6.0
Females	12.4	12.3	12.5	12.1	7.3	5.6
Weeks worked in 1969:						
Percentage males 16 years and over (b)						
50 - 52 weeks	52.2%	39.4%	50.0%	63.4%	39.1%	23.9%
27 - 49 weeks	22.7%	25.8%	24.5%	20.6%	15.7%	13.4%
26 weeks or less	16.3%	23.4%	16.6%	11.9%	37.2%	47.3%
Did Not Work	8.8%	11.3%	3.9%	4.1%	8.0%	15.4%
Fisheries employment as Percentage Total of Civilian Employment						
Annual Average	5.1%	11.7%	5.1%	17.7%	25.3%	4.4%
Month of July	13.7%	25.1%	20.3%	30.5%	40.4%	16.2%

(a) National poverty line for all families = \$3,388.

(b) Includes members of armed forces

Source: ISEGR Study, Volume 2, Appendix B

For purposes of this brief, hypothetical optimum numbers of entry permits have been calculated for each salmon fishery giving some consideration to each of the three standards in Section 160 of the bill. This was a modification of the calculated units of gear needed at maximum efficiency in Table 3. The first standard (achieving a financially healthy fishery) was reflected in adjusting the numbers in each fishery to bring the average dollar earnings per unit of gear to the highest level for each gear and the third standard (economic opportunity) was reflected in a contrary adjustment. Table 5 compares the actual number of units fished and the average earnings per unit for each fishery in 1971 with what the results would have been if these hypothetical optimum limits were in effect. Because the Arctic-Yukon-Kuskokwim fisheries are still in the early stages of development with some potential for further commercial harvest increases and because of the virtual absence in the area of any significant alternative economic opportunities for many of the residents, no reduction of numbers below those actually fishing was made. In the case of Bristol Bay the optimum was set considerably above the level optimizing "efficiency" because of a heavier weighting of the third standard. Other adjustments from the "efficiency" levels were minor.

One expected effect of the application of these hypothetical optimum to the 1971 harvest is demonstrated in Table 5. The result would have been a general increase in the average earnings

TABLE 5

AVERAGE EARNINGS PER UNIT SALMON GEAR, 1971

Actual and Optimum Number Fishing

<u>FISHERY (Gear and Administrative Area)</u>	<u>Number of Units Registered</u>	<u>Actual Number of Units Fished</u>	<u>Average Earnings per Unit Fished</u>	<u>Hypothetical Optimum Number of Units</u>	<u>Average Earnings per Unit</u>
<u>Southeastern</u>					
Purse Seine	358	306	\$23,564	230	\$ 31,350
Drift Gillnet	475	347	7,401	200	12,841
Set Gillnet	175	114	3,447	100	3,705
Troll	2,356	1,662	2,292	660	5,772
<u>Prince William Sound</u>					
Purse Seine	266	251	20,652	130	39,874
Drift Gillnet	14	-- No set net areas open in 1971 --			
Troll	41	7	2,466	2	8,630
<u>Cook Inlet</u>					
Purse Seine	81	49	8,582	35	12,015
Drift Gillnet	710	463	2,355	235	4,641
Set Gillnet	731	436	1,748	200	3,811
<u>Southwest</u>					
Purse Seine	583	534	15,880	250	33,919
Drift Gillnet	169	139	9,251	100	12,859
Set Gillnet	318	155	3,655	150	3,777
<u>Bristol Bay</u>					
Drift Gillnet	1,865	1,710	8,513	1,150	12,659
Set Gillnet	846	421	3,746	400	3,943
<u>Arctic - Yukon - Kuskokwim</u>					
Drift Gillnet	796	709	632	709	632
Set Gillnet	883	783	1,194	783	1,194

of the surviving units and some equalization of earnings for similar gear in different areas after making allowances for physical and technical gear differences. It should be immediately noted that this sort of calculation needs further analysis and interpretation in the light of the actual distribution of earnings among fishermen. The tables in the Governor's study showing the distribution of catch among units of gear in each fishery in 1971 clearly illustrates this. The southeastern salmon troll fishery catch of 7,091,000 pounds by 1,620 vessels fishing, for example, yields an average catch of 4,377,500 pounds per vessel. The distribution by numbers of vessels, however, indicates that 82.7% of all the vessels fishing made catches of less than the average for the total fishery. The elimination of 60% of the units fishing from the least productive units would make only 2.4% of the total catch or value available for redistribution among the surviving units.

The second obvious effect of the application of these hypothetical optimum would have been a substantial elimination of numbers of operators from most fisheries. How to select the individuals to be eliminated would be the Commission's most difficult task.

Issuance of Entry Permits -- The Elimination Task Magnitude

Following establishment of the optimum number of entry permits for each fishery, the Commission must deal with the task of selection of those to receive permits from among qualified applicants, that is persons who are presently able and intend to participate actively in the fishery (Sect. 340 (7)) and are not ineligible by reason of violations of the act, making false statements, or being convicted of violation of a state tax law or regulation (Sect. 320). Table 6 applies these initial qualifications to the 1971 gear data. It is assumed that the number of persons who would be qualified by virtue of ability and intention would equal those who actually fished during the year. The number of persons who would be disqualified by virtue of violation of fisheries and tax laws and regulation has been very crudely estimated by applying to the 1971 units fished the percentage of 1969 operators earning \$5,000 or more who apparently did not file state income tax statements. This is not much more than an informal guess.

These calculations undoubtedly overstate the number of units of gear which might be eliminated by reason of failing to qualify as applicants. Failure to participate in one season does not automatically disqualify an applicant, for example, and violation of tax laws requires that the person be convicted of such violation. They do indicate, however, that the number of

TABLE 6

ESTIMATED QUALIFIED APPLICANTS FOR ENTRY PERMITS, 1971

And Numbers to Be Selected for Elimination

FISHERY (Gear and Administrative Area	Units of Gear Regis- tered	Units Not Fishing	Units Violating tax laws, etc.	Estimated Quali- fied Appli- cants	Opti- mum No. of Per- mits	Number of Appli- cants to be eli- minated	Percent of Appli- cants to be eliminated	Percent of Reg. Gear to be eli- minated
<u>Southeastern</u>								
Purse seine	358	(52)	(60)	246	230	16	6.5	35.8
Drift Gillnet	475	(128)	(50)	297	200	97	32.7	57.9
Set Gillnet	175	(61)	(20)	94	100	-	-	42.9
Troll	2,356	(694)	(200)	1,462	660	802	54.9	72.0
<u>Prince William Sound</u>								
Purse Seine	266	(15)	(75)	176	130	46	26.1	51.1
Drift Gillnet	652	(101)	(100)	451	290	161	35.1	55.5
Set Gillnet	14	(14)	-	-	-	-	-	-
Troll	41	(34)	-	7	2	5	-	82.9
<u>Cook Inlet</u>								
Purse Seine	81	(32)	(10)	39	35	4	21.0	56.8
Drift Gillnet	710	(247)	(90)	373	235	138	37.0	66.9
Set Gillnet	731	(295)	(80)	356	200	156	43.8	72.6
<u>Southwest</u>								
Purse Seine	583	(49)	(100)	434	250	184	42.4	57.1
Drift Gillnet	169	(30)	(20)	119	100	19	16.0	40.8
Set Gillnet	318	(163)	(25)	130	150	-	-	52.8
<u>Bristol Bay</u>								
Drift Gillnet	1,865	(155)	(200)	1,510	1,150	360	25.8	38.3
Set Gillnet	846	(425)	(100)	321	400	-	-	52.7
<u>Arctic - Yukon - Kuskokwim</u>								
Drift Gillnet	796	(87)	(10)	700	709	-	-	10.9
Set Gillnet	883	(100)	(10)	773	783	-	-	11.3
TOTAL STATE	11,278	(2,682)	(1,150)	7,488	5,624	1,988*	26.5	50.1
PERCENT	100.0	(23.8)	(10.2)	66.4	49.9	17.6		

* Total not adjusted to deduct gear deficits in six fisheries

SOURCE: Governor's Study, pages 109 through 115

ISEGR Study, Volume 2, Appendix F

qualified applicants will be significantly influenced by the strictness of interpretation of the qualification provisions of the bill. In the 1971 exercise summarized in Table 6, the state-wide task of selecting applicants to be eliminated is 26.5% of the total estimated qualified applicants as compared with the need to eliminate 50% of holders of gear registration. The probable number of applicants who could successfully challenge the Commission's disqualifications suggest that the selection task would range from 30 percent to 50 percent of the finally qualified applicants in all fisheries. The range variation between fisheries, however, is considerably greater.

The selection from the qualified applicants is to be made on the basis of a classification of the applicants in each fishery into five categories of decreasing severity of hardship imposed by elimination (Sect. 200). This is to be done by the use of three sets of standards: (1) the extent to which the fishery constitutes an income source to the applicant and the extent of active participation, (2) the extent to which alternative livelihoods are realistically available to the applicant, presently or following re-training, and (3) the extent of the applicant's investment in vessels and gear. The standards will have to be especially designed for each fishery in terms of the "facts of life" in each, and each applicant will have to be treated individually in terms of his "facts of life" (his age, work experience, education, number of dependents, etc.). The process

can be stated as a matrix relating the five hardship severity categories to the three sets of classification standards, somewhat as follows (the third column under classification standards not presented below consist of five ranges of investment values relating to hardship categories):

CLASSIFICATION STANDARDS FOR
GEAR LICENSE HOLDERS

Hardship Severity Categories	Participation and Relative Importance of Fishing Income	Alternative Employment Availability
1. <u>Extreme</u> , continuation essential.	1. Consistent in this fishery. Primary source of income.	1. Little or none.
2. <u>Substantial</u> , continuation strongly needed.	2. Consistent in fishing (this fishery and others). Primary income source.	2. Available with relocation from area and training.
3. <u>Some</u> , continuation <u>desirable</u> but not strongly needed.	3. Regular, part-time. Substantial supplemental income source.	3. Available with training.
4. <u>Mild</u> , continuation mildly desirable, but not needed.	4. Irregular. Variable, minor income source.	4. Available with relocation.
5. <u>None</u> , continuation optional.	5. Little or none.	5. Immediately re-employable.

The ISEGR Study contains considerable data which could be used in an analysis of the estimated number of persons with these general economic and social characteristics, but time did not permit this and the result would be based upon group data rather

than individual data and could be misleading. It is sufficient to note the nature of the task and to indicate that some weighting will have to be devised for each of the three set of standards. In actual cases with real people, the scoring set will not necessarily be at the same level within each set.

Financing Aspects of the Limited Entry Program

The bill provides that an annual fee of \$50.00 shall be collected from every holder of an entry permit (including temporary and interim permits), except that an applicant with a net family income falling within the Federal Social Security Administration poverty guidelines may elect to receive an entry permit subject to a five-year prohibition on transfer at a maximum annual fee of \$5.00. The ISEGR Study of income received in 1969 by vessel operators from all sources of employment and income in Alaska indicates that the applicants falling within this special poverty provision could be significant. In the Bristol Bay fishery, for example, 47% of the resident vessel operators earned annual incomes in 1969 from all sources of less than \$3,000. Other members of the families of these fishing vessel operators undoubtedly earned other income bringing the family income levels up somewhat, but this does suggest that almost half those engaged in this fishery are below or close to the national poverty guidelines. Taking the 1970 census family income data for total population for each of the administrative areas as an indicator of the percentage of applicants who would be eligible for the reduced fee, the estimated revenue from fees collected on the basis of the 1971 calculations above, would be as follows:

Southeast area	1,100 permits @ \$50.00	\$ 55,000
	90 permits @ 5.00	450
Prince William		
Sound Area	378 permits @ 50.00	18,900
	44 permits @ 5.00	220
Cook Inlet Area	435 permits @ 50.00	21,750
	35 permits @ 5.00	175
Southwest Area	465 permits @ 50.00	23,250
	35 permits @ 5.00	175
Bristol Bay Area	1,090 permits @ 50.00	54,500
	460 permits @ 5.00	2,300
Arctic - Yukon -		
Kuskokwim area	792 permits @ 50.00	39,600
	700 permits @ 5.00	3,500
		<hr/>
Total State Fee Collections		\$219,820

Within two years of the effective date of the act, the Commission is required to compensate any qualified applicant denied a permit for the "direct economic resulting from loss of value of the applicant's vessel and gear." This is to be based upon the fair

market value of the vessel and gear (Sect. 225). Under the 1971 calculations above, Table 7 indicates the number and type of gear to be eliminated in each fishery. The assignment of a dollar value to this figure is not possible at this time because of the great variation in actual value of gear which is a function of its type, condition, age, income-producing potential and a host of other factors. A 1968 survey of investment in gear and vessels in the Cook Inlet fishery gave the average values summarized in Table 7. The average value of set net sites (including gear) was given as \$15,998. Applied to the Cook Inlet fishery hypothetical limited entry program for 1971, these figures yield the following cost of compensation to eliminated gear:

	<u>Units Eliminated</u>	<u>Total Value</u>
Seines	4	\$ 39,072
Drift	138	1,815,390
Set	<u>156</u>	<u>2,495,688</u>
Total	298	\$4,350.150

It should be noted that this is the value which the fishermen interviewed gave and may not reflect what an objective appraiser would give as the "fair market value". Also these figures are now six years old and the boats included in the sample have been further depreciated in value or replaced by newer vessels.

Another pertinent scrap of information is the reported average

TABLE 7
 AVERAGE VALUE OF BOATS AND GEAR, COOK INLET
 SALMON FISHERY, 1968

<u>Type of Gear</u>	<u>Average Value of Boat</u>	<u>Average Value of Gear</u>	<u>Total Average Value</u>
Resident Drift Net	\$ 11,087	\$ 1,451	\$ 12,538
Non-Resident Drift Net	12,657	1,722	14,379
All Drift Net(a)	11,613	1,542	13,155
Seine - hand (b)	7,868	1,900	9,768
All gear	11,156	1,585	12,741

(a) Average boat 32.6 feet long, 156 horsepower, top speed 11.5 knots

(b) Average boat 28.7 feet long, 112 horsepower, top speed 9.0 knots

SOURCE: L. B. Flagg, "An Economic Survey of the Cook Inlet Salmon Fishery," Informational Leaflet 145, June 1970, Alaska Department of Fish and Game

1970 value of vessels in the British Columbia salmon fleet of \$14,967 (Department of Fisheries and Forestry, June 19, 1970). This is comparable to the Cook Inlet 1968 data after making allowances for general price inflation. Using these two bits of information it would appear that the value of the approximately two thousand units of gear to be eliminated under the hypothetical 1971 case used in this brief could be as high as thirty million dollars. Assuming that the Commission might recover half this amount through resale, the net cost of compensation to gear eliminated could be about fifteen million dollars, give or take a few million.

The economic feasibility of the Commission administering a compensation program of this magnitude can be gauged by reference to the seven percent tax proposed on gross value of catch to finance the buy-back program under the voluntary reduction provisions (Sect. 290,295). On the basis of the 1971 value of salmon catch to fishermen, this tax would have yielded approximately 3.6 million dollars. At this rate, it would take approximately four years to accumulate sufficient funds from a catch value tax to finance the initial reduction program.

APPENDIX TABLE 1.

Salmon Gear Registered and Fished 1966-1970

Fishery (Gear, Admin. Area)	1966	1967	1968	1969	1970	Five Year Avg.
<u>South eastern</u>						
Purse seine						
- Registered	447	428	498	405	422	440
- Fished during year	419	403	470	339	405	407
- Fished, high week	357	324	463	311	386	368
Drift gill net						
- Registered	302	370	527	395	420	403
- Fished during year	285	320	402	297	339	329
- Fished, high week	253	267	359	252	285	283
Set gill net						
- Registered	157	178	184	182	173	175
- Fished, during year	131	144	139	130	106	130
- Fished, high week	114	118	119	119	101	114
Troll						
- Registered, power	749	691	737	908	950	807
- Registered, hand	1,166	1,156	1,317	1,365	1,578	1,316
total	1,915	1,847	2,054	2,273	2,528	2,123
- Fished during year	1,769	1,598	1,772	1,795	1,895	1,766
- Fished, high week	764	663	919	836	787	794
<u>Prince William Sound</u>						
Purse seine						
- Registered	194	189	192	213	219	201
- Fished during year	181	164	175	193	204	183
- Fished, high week	117	108	124	123	145	123
Drift gill net						
- Registered	447	485	463	507	567	493
- Fished during year	348	394	389	406	462	400
- Fished, high week	340	390	346	358	386	364
Set gill net						
- Registered	47	11	12	42	38	30
- Fished during year	19	0	0	22	23	13
- Fished, high week	16	0	0	22	16	11
Troll						
- Registered	12	13	11	23	25	17
- Fished during year	5	5	3	3	8	5
- Fished, high week	1	5	3	3	1	3

APPENDIX TABLE I (Continued)

Salmon Gear Registered and Fished, 1966-1970

Fishery	1966	1967	1968	1969	1970	Five Year Avg.
<u>Cook Inlet</u>						
Purse Seine						
- Registered	77	58	91	75	89	78
- Fished during year	75	54	88	58	80	71
- Fished, high week	38	28	50	32	47	39
Drift gill net						
- Registered	504	536	611	687	757	619
- Fished during year	489	521	599	608	625	568
- Fished, high week	307	375	430	476	470	412
Set gill net						
- Registered	628	604	681	728	772	683
- Fished during year	616	491	632	462	522	545
- Fished, high week	351	290	353	288	218	320
<u>Southwest</u>						
Purse Seine						
- Registered	488	449	512	484	549	496
- Fished during year	472	299	459	443	528	440
- Fished, high week	385	198	319	372	366	328
Drift gill net						
- Registered	78	115	125	127	172	123
- Fished during year	61	110	110	122	158	112
- Fished, high week	37	77	103	103	122	88
Set gill net						
- Registered	291	275	307	318	356	309
- Fished during year	191	191	188	199	181	190
- Fished, high week	150	102	136	178	156	144
<u>Bristol Bay</u> (data not available for number fishing during year)						
Drift gill net						
- Registered	1,865	1,699	1,684	1,928	1,881	1,811
- Fished, high week	1,715	1,555	1,441	1,724	1,688	1,629
Set gill net						
- Registered	965	830	839	970	890	891
- Fished, high week	549	439	493	628	538	529

APPENDIX TABLE 1 (continued)

Salmon Gear Registered and Fished, 1966-1970

<u>Fishery</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>Five Year Avg.</u>
<u>Arctic - Yukon - Kuskoquim</u>						
Drift gill net						
- Registered	383	488	598	693	700	572
- Fished during year	338	430	542	628	651	518
- Fished, high week	204	284	476	463	466	379
Set gill net						
- Registered	645	557	626	714	776	664
- Fished during year	575	492	550	670	613	580
- Fished, high week	278	348	385	393	386	358

SOURCE: Gear registered and fished during year = Governor's study, pp. 69-72.
 Gear fished during high week = SEGR study, Vol. 2, Appendix C, D.

APPENDIX TABLE 2

Efficiency of Salmon Gear, 1966-1970

Fishery (Gear and Administrative Area)	1966	1967	1968	1969	1970
	(Thousands of fish per unit of gear fished in high week)				
<u>Southeastern</u>					
Purse seine	63.6	15.9	59.0	16.4	31.5
Drift gill net	7.1	3.3	4.0	4.0	6.2
Set gill net	2.5 0.2	2.0	1.7	2.0	1.6
Troll	1.1	1.2	1.3	0.9	0.8
<u>Prince William Sound</u>					
Purse seine	26.9	26.7	26.3	42.7 ^{La}	20.9
Drift gill net	3.7	2.1	2.9	2.6	3.8
Set gill net	3.8	0	0	3.9	3.8
Troll	3.5	5.4	2.0	1.6	2.1
<u>Cook Inlet</u>					
Purse seine	13.1	16.2	13.3 5.4	8.4	17.3
Drift gill net	7.2	3.2	6.3	1.6	3.4
Set gill net	7.3	2.6	6.7 7.4	1.7	3.2
<u>Southwest</u>					
Purse seine	33.9	8.5	45.3	45.8	54.3
Drift gill net	16.1	5.4	5.9	10.8	11.3
Set gill net	6.7	2.4	8.3	4.7	7.4
<u>Bristol Bay</u>					
Drift gill net	6.4	2.9	3.3	3.7	12.2
Set gill net	2.5	1.1	1.1	1.3	2.8
<u>Arctic - Yukon - Kuvukluwin</u>					
Drift gill net	0.4	0.5	0.7	0.6	0.7
Set gill net	1.0	0.7	0.8	1.3	1.8

^{La} May be result of errors in data.

SOURCE: Appendix Table 1. Salmon catch from Governor's study, pp. 324-333.

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Sec. 16.43.010 PURPOSES AND FINDINGS OF FACT. (a) It is the purpose of this chapter to promote the conservation and the sustained [and improved] yield management of Alaska's fishery resource and the economic health and stability of commercial fishing in Alaska by regulating and controlling entry into the commercial fisheries in the public interest and without unjust discrimination and without unreasonably and seriously curtailing economic opportunities available to the people of this state and elsewhere.

(b) The legislature finds that commercial fishing for certain fishery resources has reached levels of participation, on both a statewide and an area basis, that have impaired or threaten to impair the economic welfare of the fisheries of the state, the overall efficiency of the harvest, and the sustained [and improved] yield management of the fishery resource.

Sec. 16.43.120 GENERAL POWERS. (a) The commission [shall have power to] may perform all duties imposed upon it and [to] carry out all functions given to it under this chapter. The commission [shall] may also [have the power to do] do all things necessary or appropriate to the exercise of [such] its basic power, whether or not specifically designated in this chapter.

(b) The commission [shall have the power to] shall adopt regulations, not inconsistent with law, necessary or appropriate in the exercise of its powers under (a) of this section.

Sec. 16.43.145 FISHERY RESOURCE DESIGNATION. The commission shall designate, in view of the purposes of this chapter and [of] the findings of fact in section 010 of this chapter, the specific fishery resources [to which sections .150 and following of this chapter shall be subject.] subject to this chapter. The commission may thereafter [and from time to time similarly] , as required, designate other fishery resources [to come under those sections of] that are subject to this chapter.

Sec. 16.43.160 DETERMINATION OF [DESIRED] MAXIMUM[; STANDARDS] NUMBER OF ENTRY PERMITS. The [desired] maximum number of entry permits[, one such maximum] for each type of gear within each administrative area, shall be established by the commission based upon the following standards:

(1) the number of units of gear sufficient to maintain a financially healthy fishery, that will result in a reasonable average rate of economic return to the fishermen participating in that fishery;[sufficient to maintain a financially healthy fishery;]

(2) the average number of units of gear necessary to fully harvest the allowable commercial take of the fishery resource during the four years prior to the effective date of this Act [all years in] in an orderly, efficient manner based upon sound management techniques; however, this level may be changed temporarily when, in the determination of the commission, peak runs necessitate the change;

(3) the number of entry permits sufficient to avoid serious curtailment of the economic opportunities available to all persons, [whether] resident [of this state or elsewhere] or nonresident, considering other economic opportunities reasonably available to them.

Sec. 16.43.170 [PROMULGATION;] ANNUAL REVIEW OF ENTRY PERMIT
MAXIMUMS. [(a) Each determination made by the commission pursuant
to section 160 of this chapter shall be immediately promulgated.]

[(b)] (a) Using the standards [of] established under
[section] sec. 160 of this chapter, the commission shall annually
review [the previous] its determination [and re-promulgate the
number so reviewed or as changed after such reconsideration, changing
only if long-term change portends or is perceived in the application
of any one or more of those standards.] and may change the
determination as appropriate.