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HRES

SB

128

The Department of Revenue licensing division will issue licenses to crewmembers using its license vendor outlets. The holder of a renewed entry permit may participate in any fishery as a crewmember without purchasing a crewmember license.

The Alaska Fishermen's Fund will be maintained at its current level. This Fund provides for the treatment and care of Alaska commercial fishermen who are injured or become ill in commercial fishing activities. The Commercial Fisheries Entry Commission will assume responsibility for the transfer of money to cover each permit holder. The Department of Revenue will also transfer money to the fund for each crewmember license sold.

Revenue Analysis

The gear and commercial fishing licenses are being discontinued and will no longer contribute to the State's commercial license revenue. The anonymous vessel license and the new crewmember license will only partly make up for this loss. The rest must come from increased permit fees.

As seen in Table I, State revenues derived from the four types of license and permits now available approximated \$1.5 million for each of the last four years. The new system is expected to produce \$2.6 from the new vessel and crewmember

licenses and entry permits. The increase in revenue will come mainly from the three to one non-resident to resident permit fee differentiation.

Vessel license revenue will be based on a new fee. An anonymous \$20 fee will replace the previous \$10 fee for a resident vessel operator and \$30 fee for the non-resident. When the \$20 fee is applied to the number of vessel licenses sold in the past, vessel revenue totals \$254,380, approximately \$100,000 more than previous years. (Table II)

To project crewmember license revenue, the number of commercial license sold to persons who did not also have a gear license is used to estimate the number of people who were crewmembers. The percentages of resident and non-resident commercial licenses sold in the past are applied to the estimated number of crewmembers so total anticipated revenue can be derived. As seen in Table III projected 1978 crewmember revenue is \$113,550.

These two amounts of new fee revenues, \$254,380 for vessel licenses and \$113,550 for crewmember licenses make up only a quarter of total revenues collected in the past. Under the new program the additional revenue must come exclusively from permit fees.

The Limited Entry Law requires permit fees to "reasonably reflect the different rates of economic return for different fisheries". It also calls for the fees to be set by regulation, although a ceiling is mandated. SB 128 raises the ceiling from \$100 to \$500. The new permit fees will remain in about the same proportions as they presently exist. Some adjustments will be made to more closely reflect the rates of economic return for the various fisheries.

When deriving total permit revenues, adjustments must be made to account for poverty permit fees. If a fisherman falls within Federal poverty guidelines he may purchase a permit for a reduced fee. This fee will be increased from \$5 to \$15 to reflect the cost of issuing the permit. The \$15 fee will be less than the total cost of his licenses and permit under the present system.

A doubling of present permit fees closely reflects what the resident fisherman now pays in annual licenses and permits. However, with the 3 to 1 non-resident to resident ratio, the doubled fees will bring the State an extra million dollars in revenue. This extra revenue would bring the total money collected from commercial fishing licensing to \$2.6 million. Table IV compares portions of the new fee schedule with the old schedule.

The cost of managing, rehabilitating and enforcing the fisheries have increased at a rapid rate over the last few years and now totals \$17.6 million. Over the past 5 years the State has operated at an average inflation rate of 7% yet the price of commercial gear and vessel licenses have not increased since 1959. A bill which was passed in last year's Legislature doubled the cost of sports fishing licenses for residents from \$5 to \$10. SB 128 would allow a greater recognition of the State's costs in relation to commercial fisheries while at the same streamlining and improving its licensing program.

Table I

1974-1976 Licensing Revenue

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>Projected 1978</u>
Gear	\$ 425,287	\$ 397,777	\$ 413,805	- - -
Vessel	\$ 152,486	\$ 158,704	\$ 160,737	\$ 254,380
Commercial	\$ 325,020	\$ 334,510	\$ 385,280	\$ 113,550
Permits	<u>\$ 604,924</u>	<u>\$ 646,191</u>	<u>\$ 625,894</u>	<u>\$2,202,395</u>
TOTAL	\$1,507,717	\$1,537,182	\$1,585,716	\$2,570,325

Total figures include money transferred to the Fishermen's Fund, approximately \$200,000 per year. The 1976 revenues for gear, vessel and commercial licenses are preliminary figures. The 1978 Commercial License entry represents revenue to be collected from Crewmember Licenses.

Table II

Vessel License Revenue

1975 Resident Licenses	10,369 @ \$10 =	\$103,690
1975 Nonresident Licenses	<u>2,350 @ \$30 =</u>	<u>\$ 70,500</u>
	12,719	\$174,190

Projected 1978 Vessel License Revenue:

Total Licenses	12,719 @ \$20 =	\$254,380
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Table III

Crewmember License Revenue

1975 Commercial licenses less gear licenses: 7,373

73% resident or 5,382 licenses @ \$10/license = \$53,820

27% nonresident or 1,991 licenses @ \$30/license = \$59,730

Projected 1978 Crewmember License Revenue: \$113,550

Table IV

A COMPARISON OF OLD AND NEW RESIDENT LICENSE AND PERMIT FEES

	<u>Old System</u>			<u>New System</u>	
	Gear License	Commercial License	Permit	Total	Permit
	\$	\$	\$	\$	\$
Purse Seine (Based on 250 fathoms)	70	10	60	140	120
Drift Gill net (Based on 200 fathoms)	20	10	50	80	100
Set Net (Based on 150 fathoms)	15	10	20	45	40
Hand Troll	15	10	20	45	40
Power Troll	15	10	50	75	100
Long Line (Vessel length 26' or less)	25	10	20	55	40
Long Line (Vessel length over 26')	25	10	60	95	120
Pots (Vessel length 50' or less- based on 150 pots)	30	10	50	90	100
Pots (Vessel length over 50'- based on 150 pots)	45	10	100	155	200

Non-Resident fees are three times resident fees

A COMPARISON OF OLD AND NEW NON-RESIDENT LICENSE AND PERMIT FEES

	<u>Old System</u>			Total	<u>New System</u>
	Gear License	Commercial License	Permit		Permit
Purse Seine (Based on 250 fathoms)	210	30	60	300	360
Drift Gill net (Based on 200 fathoms)	60	30	50	140	300
Set Net (Based on 150 fathoms)	45	30	20	95	120
Hand Troll	45	30	20	95	120
Power Troll	45	30	50	125	300
Long Line (Vessel len '6' or less)	50	30	20	100	120
Long Line (Vessel length over 26')	50	30	60	140	360
Pots (Vessel length 50' or less- based on 150 pots)	90	30	50	170	300
Pots (Vessel length over 50'- based on 150 pots)	135	30	100	265	600