

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10659 SENATE RESOURCES

509

Petition against corporate, processor, or entity ownership of State Limited Entry Permits

Under HB 206 vessel owners may get Limited Entry permits for the scallop and Korean Hair crab fisheries instead of the fishermen with interim-use permit history.

These new permits would not require the permit holder to be on board the vessel while fishing - Palm Springs or Hawaii is just fine.

To 'reward' investor corporations instead of fishermen is the dramatic change in State law that is being pushed by a few lobbyists. Other fisheries might be added later.

Scallops already have federal limited entry for federal waters where 90% of the scallops are located. Those owners just want to be the only ones permitted to harvest any small State water fishery as well.

The Korean Hair Crab fishery would probably have 21 to 24 vessel-based limited entry permits compared to 19 to 24 fishermen-based limited entry permits.

There are no 'sideboards' to prevent a few boats co-op harvesting for all the vessel permits. This is done for the scallops with only 5 boats. This would leave the other 16 to 20 boats free to come to the Gulf or Aleutians and overcapitalize those rebounding crab and groundfish fisheries while others are fishing their hair crab.

Tell the Alaska Senate you don't want corporate or entity ownership of permits.

HB 206 is on the web. Listen to the Senate Resources hearing 3/20 on the web at www.ktoo.com/gavel then select meeting schedule.

Please sign below. Ask your neighbors to help YOU prevent corporate ownership by signing, then fax this to:

Senator John Torgerson, Chairman Senate Resources, Fax 907 465-4779

Name	Address	Date
Bill Afoin	32375 Falls Crk	3/30/02
ASTAKEI AFOIN	-1-1-	
Eli M. B...	P.O. Box 3294, HOMER	99603 3-30-02
Cristal L Beaman	PO Box 3294 Homer	99603 3-30-02
Mary Peters	Box 2623 Homer	99603 3-30-02
Karl Astum	PO Box 550 Homer AK	99603 3/30/02
Robert B. Moss	P.O. Box 3428 Homer AK	99603 3/30/02
LEE A. MARTIN	P.O. BOX 743 Homer AK	99603 / 3/30/02
GLEN CARROLL	Rd 551 Homer	

Petition against corporate, processor, or entity ownership of State Limited Entry Permits

Under HB 206 vessel owners may get Limited Entry permits for the scallop and Korean Hair crab fisheries instead of the fishermen with interim-use permit history.

These new permits would not require the permit holder to be on board the vessel while fishing - Palm Springs or Hawaii is just fine.

To 'reward' investor corporations instead of fishermen is the dramatic change in State law that is being pushed by a few lobbyists. Other fisheries might be added later.

Scallops already have federal limited entry for federal waters where 90% of the scallops are located. Those owners just want to be the only ones permitted to harvest any small State water fishery as well.

The Korean Hair Crab fishery would probably have 21 to 24 vessel-based limited entry permits compared to 19 to 24 fishermen-based limited entry permits.

There are no 'sideboards' to prevent a few boats co-op harvesting for all the vessel permits. This is done for the scallops with only 5 boats. This would leave the other 16 to 20 boats free to come to the Gulf or Aleutians and overcapitalize those rebounding crab and groundfish fisheries while others are fishing their hair crab.

Tell the Alaska Senate you don't want corporate or entity ownership of permits.

HB 206 is on the web. Listen to the Senate Resources hearing 3/20 on the web at www.ktoo.com/gavel then select meeting schedule.

Please sign below. Ask your neighbors to help YOU prevent corporate ownership by signing, then fax this to:

Senator John Torgerson, Chairman Senate Resources, Fax 907 465-4779

Name	Address	Date
Stephen Vanek <i>Stephen Vanek</i>	P.O. Box 103 Nimilchik AK. 99639	3-30-02
<i>[Signature]</i>	P.O. Box 318, CLAM GULCH, AK.	3-30-02
John McConk	Box 87 Nimilchik AK	3-30-02
<i>[Signature]</i>	Box 23259 South Cape Lp AK 99610	3-30-02
Pete Fafel	4951 S. H. H. Rd Homer AK	3-30-02
James E. Clark	P.O. Box 2802 HOMER AK 99603	
Janet Coy	P.O. Box 3395 Homer AK 99603	3/31/02
<i>[Signature]</i>	P.O. Box 3444 Homer AK 99603	3-31-02

Petition against corporate, processor, or entity ownership of State Limited Entry Permits

Under HB 206 vessel owners may get Limited Entry permits for the scallop and Korean Hair crab fisheries instead of the fishermen with interim-use permit history.

These new permits would not require the permit holder to be on board the vessel while fishing – Palm Springs or Hawaii is just fine.

To 'reward' investor corporations instead of fishermen is the dramatic change in State law that is being pushed by a few lobbyists. Other fisheries might be added later.

Scallops already have federal limited entry for federal waters where 90% of the scallops are located. Those owners just want to be the only ones permitted to harvest any small State water fishery as well.

The Korean Hair Crab fishery would probably have 21 to 24 vessel-based limited entry permits compared to 19 to 24 fishermen-based limited entry permits.

There are no 'sideboards' to prevent a few boats co-op harvesting for all the vessel permits. This is done for the scallops with only 5 boats. This would leave the other 16 to 20 boats free to come to the Gulf or Aleutians and overcapitalize those rebounding crab and groundfish fisheries while others are fishing their hair crab.

Tell the Alaska Senate you don't want corporate or entity ownership of permits.

HB 206 is on the web. Listen to the Senate Resources hearing 3/20 on the web at www.ktoo.com/gavel then select meeting schedule.

Please sign below. Ask your neighbors to help YOU prevent corporate ownership by signing, then fax this to:

Senator John Torgerson, Chairman Senate Resources, Fax 907 465-4779

Name	Address	Date
PATRICK LANGDON	4296 CLAUDIA ST. HOMER	3/30/02
SID NELSON	Box 564, HOMER, AK	3/30/02
Nick N. Yakunin	176 Mountain View Dr Apt 1 Homer, AK 99603	
Tammie Swader	Box 2601, Homer, AK 99603	3/30/02
David Whitman	Box 2481 Homer, AK 99603	3/30/02
Andrey Polushkin	Box 2458 Homer AK 99603	
Tina Seaton	58395 Bruce St. Homer	3/30/02
Daniel R Nilles	PO Box 3395 Homer	3-30-02
Cy ST-AMAND	PO Box 230 HOMER AK 99603	3/31-02

Petition against corporate, processor, or entity ownership of State Limited Entry Permits

Under HB 206 vessel owners may get Limited Entry permits for the scallop and Korean Hair crab fisheries instead of the fishermen with interim-use permit history.

These new permits would **not** require the permit holder to be on board the vessel while fishing - Palm Springs or Hawaii is just fine.

To 'reward' investor corporations instead of fishermen is the **dramatic change** in State law that is being pushed by a few lobbyists. Other fisheries might be added later.

Scallops already have federal limited entry for federal waters where 90% of the scallops are located. Those owners just want to be the only ones permitted to harvest any small State water fishery as well.

The Korean Hair Crab fishery would probably have 21 to 24 vessel-based limited entry permits compared to 19 to 24 fishermen-based limited entry permits.

There are no 'sideboards' to prevent a few boats co-op harvesting for all the vessel permits. This is done for the scallops with only 5 boats. This would leave the other 16 to 20 boats free to come to the Gulf or Aleutians and overcapitalize those rebounding crab and groundfish fisheries while others are fishing their hair crab.

Tell the Alaska Senate you don't want corporate or entity ownership of permits.

HB 206 is on the web. Listen to the Senate Resources hearing 3/20 on the web at www.ktoo.com/gavel then select meeting schedule.

Please sign below. Ask your neighbors to help YOU prevent corporate ownership by signing, then fax this to:

Senator John Torgerson, Chairman Senate Resources, Fax 907 465-4779

Name	Address	Date
Hennigshall	P.O. Box 526, KASLOF	3, 31, 02
Mannshall	P.O. Box 526 Kaslof	3-31-02
Paul Lertz	35250 Schaefer Dr Homer	31 MAR 02
Bright Simpson	4645 SARRINA HOMER	31 MARCH 2002
Shaine McAllen	Homer	3-31-02
Donald Kelly	Box 2536 Homer	3-31-02
George J. Bass	PO Box 1473 Homer	3-31-02
Craig Craigins	P.O. 342-7 Homer	4/1/02
John Katella	PO, 2464 Homer	4/1/02

Subject: HB 206 Senate Resources hearing

Date: Sat, 23 Mar 2002 15:26:20 +0000

From: Sandy Mazen <sandydmz@xyz.net>

To: Senator_John_Torgerson@legis.state.ak.us, Senator_Alan_Austerman@legis.state.ak.us

Dear Senators,

Please do not pass HB 206 out of committee.

I oppose changing any fisheries controlled by Alaska management to any limited entry system to investors, processors, or corporations.

I was born in Teller, raised in Nome and have been living in Homer for the last 4 years. I fish and tender during the summer and have pot fished cod on an 80 foot vessel in the winter.

I believe the State of Alaska limited entry program that requires permit holders to be a natural person and be on board during fishing is good for the State, communities and fishermen.

Just because some big boats have overcapitalized their fisheries is no good reason to change the structure of the States system and give the overinvestors the lease rights to any state managed fishery.

I think this kind of program would be expanded to other fisheries in sneaky little bills if you allow this change.

Again, please do not pass out HB 206

S. David (Sandy) Mazen
879 Lupine Ct. Number 2
Homer, AK 99603

Limited entry permits to processors.

Subject: Limited entry permits to processors.

Date: Sun, 24 Mar 2002 12:15:59 -0900

From: "Kip & Jo" <advisor@xyz.net>

To: <Senator_John_Torgerson@legis.state.ak.us>

Senate Resources Committee
Senator John Torgerson, Chairman

Dear Senators,

I no longer fish commercially, but want to oppose any change that would issue any State fishery limited entry permits to processors, corporations, or entities other than real live fishermen. I strongly feel that limited entry should be tied to a participating fisherman who should be required to be at the site of operating fishing gear. If we allow corporations to hold permits, we will stop the opportunity for the new fishermen to become fully vested in our fisheries as the fishing rights will be retained by those who no longer wish to participate in the fishing.

Please stop HB 206 in your committee.

Sincerely,

Kemp(Kip) Absher
Homer Alaska 99603

Subject: AK Limited Entry

Date: Sun, 24 Mar 2002 20:17:24 -0900

From: "Sandra Hanson" <sandrah@alaska.com>

To: <Senator_John_Torgerson@legis.state.ak.us>

Dear Senators,

March 22, 2002

I oppose HB 206 (RLS)

I have been fishing in Alaska for 40 years. I started fishing a cannery owned boat for salmon and got my own boat after limited entry. I later participated in rockfish and lingcod fishing as well as halibut which I continue to do.

Limited entry was to be for individual fishermen not for corporations and other entities. If a person wants to retire and leave the boat, that is his option. In no Alaskan fishery should he be allowed to retire and take the fishery rights with him to the beach in Hawaii and lease the state fishing privilege out to others. That will be the result if you pass HB 206.

Please do not pass this bill.

Donald Hanson
7115 Crawford Dr.
Anchorage, AK 99502

Senator John Torgerson
Senate Resources Committee

From Paul Seaton, Homer, AK 3/23/02

Re: HB 206 [CSHB 206(RLS)]

Dear Senators,

I am opposed to the changing of Alaska's philosophy from the importance of individual fishermen in granting Limited Entry permits to the importance of vessel owners, investors, and corporations. Though HB 206 is limited to two fisheries, I think there will be a lot of pressure to get this applied to any future State/federal fisheries Limited Entry programs. Just like the 'slippery slope' that CFEC testified about the corporate [CDQ] ownership of entry permits by entities, this non-CDQ corporate, entity ownership of entry permits is a bad idea.

I would support Stripping all the "entity" and "Vessel" language and proceeding with the bill only on the basis of addressing:

* Sec. 3. AS 16.05.735 [Page 9 of CSHB 206(RLS)]

This recognizes the State's current management of additional species and clarifies that the State has authorization to accept such management delegated by the Feds.

*Sec. 17. AS 16.43.990(5) [Page 14 of CSHB 206(RLS)]

This seems to be housekeeping for clarification and is appropriate.

Testimony about the "BAD 206".

Findings

I do not think the legislature should declare, (4) "a vessel-based limited entry system may be NECESSARY..." Or (5) "...NECESSARY to achieve compatible state and federal management and enforcement of fisheries."(emphasis added)

The conservation crisis created by the Mr. Big has been resolved by modification to federal law. If the state moratorium goes away, federal scallops are still under LLP limitation and the State manages state waters so no new 'hole' is created, as was the case in Mr. Big. Nor is a 'hole' created in any other fishery as they were taken care of in the federal law change.

Most of the species in Alaska "overlap with federal..." management on the same species and are adequately managed currently. A good example of the overlap fisheries is the Pacific cod fisheries. The Feds open the season as a race for fish with no gear limitations that advantages the overcapitalized big boat fleet. The State has taken over management of the P. cod fisheries within 3 miles with a far different vision. The Board of Fisheries (BOF) sought to have a long duration, low bycatch, localized fishery to sustain local coastal communities. The goals of State and Federal management are often at odds. The purpose of HB 206 is to convert the State's Vision into a mirror image of the Federal. That federal vision recognizes and rewards overcapitalization by giving the harvest rights to investors instead of participating fishermen.

There has been NO demonstration that CFEC cannot limit the number of participants adequately within these fisheries. The proposition that multiple captains are used throughout the year in no way requires that CFEC grant permits to those captains that ran the boat for another specie or area. This is just a proposed excuse for the vessel owners

to get the fishing rights instead of the fishermen. CFEC stated they did not know how many would qualify or even if they could design a program that would adequately limit participation using the current fisherman model. At the March 20 hearing, a Korean Hair Crab representative stated that these are 'big boats and use up to 5 captains per year' - insinuating that issuance to the fishermen captains would expand effort. They did NOT say that each vessel used 5 captains for the Korean hair crab fishery each year or even that they had used different captains in successive years. These vessels fish multiple fisheries generally using only ONE captain per fishery who has expertise in that fishery and area.

***The Senate Resources Committee should not accept FINDINGS (4) or (5) until CFEC at least runs a participation matrix to see if both of these fisheries COULD be effectively limited using the fisherman model. ***

*** HB 206 has been modified to EXCLUSIVELY deal with "the Bering Sea Korean hair crab fishery and weathervane scallop fisheries" so findings (4) and (5) need to specifically address those two fisheries and NOT the generic Alaskan fisheries. ***

Page 3 Sec 16.43.450 (e) lines 19 – 23.

Obviously, it is anticipated that multiple permits can be obtained.

Since the prevention of excessive concentration is dependent on a finding by CFEC that such is necessary (line 20), what does CFEC find as excessive concentration in the Korean Hair crab fishery or the scallop fishery? Does the legislature feel that owning 30% or 50% of the permits by a permit holder or group is too much? I would feel more comfortable with the legislature establishing a cap than leaving it up to the discretion of the CFEC.

Page 4 Sec. 16.43.460 line 7

Add a paragraph (3) Further, if the fishery has been closed, or is in a "new or developing fishery" status; provide opportunity for local community participation.

The reason for this is that past fisheries participation patterns were often the result of the management structure. Since 1996 the BOF has begun using more localized stock, and harvest strategies. [For example, exclusive and super exclusive registration areas and restricted gear.] These strategies allow greater participation by local fleets. If a fishery has been closed, only considering past harvest history negates the evolution in the management strategies. Obviously, if the fishery has been closed no one is currently dependent on it.

Likewise Line 10 should change from SHALL to may.

Page 6 Sec 16.43.480 lines 6-10

I see no benefit in requiring a permit buyer to buy the particular vessel named on the permit – other than to inflate the value of the permit.

Of course, this is a recipe for collusion to circumvent the intent of the law. Just like IFQs and the hired skippers provision. The vessel owner and the IFQ holder phony a transaction of sale of 20% of the vessel through filing with USCG National Vessel Documentation office. The re-documentation papers are also signed at the same time for

filing as soon as the IFQs are delivered, removing the "new owner" though no money changes hands. [The 20% was recently instituted because most phony transactions previously used 0.1% but of course this is just a paper transaction and has not changed anything]. If these permits are issued to corporations of another state, CFEC has no ability to really enforce "degree of ownership" of a vessel beyond the USCG Documentation – which does not even work for the Feds.

Line 11 change from MAY to "shall"

The only effect of the "may" provision if it were not done, would be to stop or slow the transfer of vessel permits to individuals because you would have to buy that boat. A fisherman could not use your own vessel, or lease another vessel that was more appropriate for the individual fisherman.

Sec. 16.43.490 lines 20 – 22

I see no reason to link the permit to the ownership of the vessel that is substituted. You are really going to set up this small class of vessels, which will most probably form a co-op and have all the crab, or scallops, harvested by two or three boats while the others overcapitalize other fisheries. They vessel owner entities will just split the profits of this fishery without participation, hiring crews or any other social benefit for Alaska. Attempting to 'create' a social benefit of the corporation's ownership of the vessel harvesting the entity's permit is a delusion.

Page 7 Sec. 16.43.520 (b) lines 26- page 8 (B) line 4

(b) "unless" (1) This refers to the concentration of ownership from page 3 lines 19 – 23. However that provision is only applicable "if" the commission "finds" limiting is "necessary". In the case of no such finding and cap establishment, can only one permit be owned or an unlimited number?

Sections (A) and (B) ?????????????????? Does all this only mean that you can only own one unless you buy one and already had one????????? Then you can have more????????? Does this mean one corporation cannot by another corporation's operation - say 5 permits – unless they already own part of the fishery????????? Meaning you have to buy one first, then the next day you can buy the rest???

I do not see any meaningful restriction to this section.

Page 8 Sec. 16.43.520 (e) lines 12

Since these permits are tied to the named vessel in the current language, sale of the vessel operation would include the permit operation. Lenders will certainly see this vessel permit as a part of the vessel, or owner's pledge. I am not sure that these sections serve the same rationale as they do for 'natural person' entry permits.

Comments of Paul Seaton, March 23, 2002
For clarification call 907 235-6342

Subject: HB 206

Date: Thu, 28 Mar 2002 07:15:18 -0800

From: "Shirley Forquer" <forqhoak@xyz.net>

To: <Senator_John_Torgerson@legis.state.ak.us>

Senator Torgerson, Chairman of Senate Resources Committee

Dear Senators,

I OPPOSE HB 206.

Please vote to table this bill in committee.

Changing a system of limited entry that works for Alaskan fishermen to one that will favor outside corporations is not good for the people of Alaska. I realize that the bill specifically applies only to two fisheries but this is definitely a "slippery slope" towards corporate ownership and control.

I fished for many years in Cook Inlet, Bristol Bay and the Gulf of Alaska. I don't want to see this new 'tool' in the toolbox of CFEC to be fought about at every new application for a fishery entry plan.

Again, please table this bill.

Respectfully,

Harry Forquer
Kachemak City, Alaska
(907) 235-8317

Subject: HB 206

Date: Tue, 2 Apr 2002 08:13:42 -0900

From: "Bill Sullivan" <bsullivan.kenai@hotmail.com>

To: <Senator_John_Torgerson@legis.state.ak.us>

Good morning Senator,

I wanted to take a minute to weigh in HB 206.

At the present time I do not support any sort of vessel based system that would award limited entry permits to other than fisherman, ie. a natural person. In other words, I oppose the awarding of permits to processors, companies and to corporations.

Thanks for you time.

W. B. Sullivan Jr

HB 206 CFEC Questions and Responses

March 29, 2002

Senator Torgerson, Chairman
Senate Resources

Dear Senator,

I very much appreciate your committee getting to the basic principals in this bill. In the March 26 Memorandum from CFEC, it is clear that to CFEC that this is a policy call on their perceived "fairness". I think this is very much a policy call for the legislature and the people of the Alaska. There has been **NO** popular support from Alaskans (other than 2 owners of these vessels plus lobbyists hired by them) to allow corporate ownership of Alaska Limited Entry Permits in either House or Senate hearings. There has been testimony from a number of communities opposing this vessel-based system.

Throughout the CFEC discussion the "interim-use permit holders" are referred to only as hired skippers, hired crewmen, or operators instead of their correct title of 'interim-use permit fishermen'. This CFEC wording bias is not consistent with the legislative history that limited entry is a social contract with fishermen and communities and was not to protect the economics of investors, corporations, or processors.

Question #1 CFEC offered; "Limitation under the vessel-based program would simply allow these two fisheries to function without altering current ownership patterns". However, the reality is that these fisheries **DO NOT** have a vessel **PATTERN** of function. The scallop vessel **LLP** does not establish participation but rather the class that owns the fishery and **DOES NOT FISH**. A few vessels now harvest the resource as a co-op. This is becoming the **ultimate absentee ownership fishery**.

The hair crab fishery intends to function in the same manner with the nonparticipating vessels **FREE** to overcapitalize other Alaskan fisheries. There is **NO** 'sideboard' or 'no fishing' clause or intent in this bill. Even the American Fisheries Act and the Chignik co-op have 'sideboard' restrictions to prevent those non-fishing vessels from exacerbating participation problems in other fisheries.

Question #2 The two tables are pretty clear and contrary to testimony by the industry that they use up to 5 captains per year. For the Korean hair crab fishery the number of interim-use permit holders making deliveries about equals the number of vessels. In fact, **since 1996 there has been only been one year in which there were even 2 more interim-use permit holders than vessels**. In scallops, you can go back to 1994 and still have only two more interim-use permit holders than vessels.

In light of these numbers, I question CFEC assertion that "Developing a ranking system to effectively distinguish among applicants could be a nearly impossible task." Perhaps no distinguishing will need to be made since some of the industry testified that they think about 21 to 24 vessel licenses should be issued under the vessel-based system. That falls well within the range of unique interim use permit holders since 1996.

To illustrate, the following analysis was done after the responses you received from CFEC.

Going to the CFEC web site and matching permit participation with the simple "hardship or dependence" criteria that a fisherman would have participated in 1995 and at least one subsequent year through 2000, there are **19 interim-use permit holders that would qualify.**

If you add as another qualifying initial year 1996 plus one subsequent year (since the moratorium was effective in 7/96) you add only three more interim-use permit holders to this group for a **total of 22 "qualifying permit holders".**

If you use only 1996 plus one subsequent year a total of 14 qualify or if you either 1995 or 1996 plus a subsequent year a total of 22 qualify.

If you select for hardship or dependence anyone who between 1995 and 2001 who had permits in any two years only two additional permit holders qualify for a total of 24.

The stability of this interim-use permit holders group is easily seen in that if the latter criteria are used (i.e. 24 permits – any two years since 1995), then:

In 2000 no fisherman had a permit that was not in that group

In 1999 only 2 fishermen had permits that are not included in that group

In 1998 only 3 fishermen had permits that are not included in that group.

In 1997 only 4 fishermen had permits that are not included in that group.

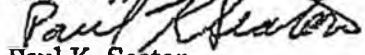
In 1996 only 3 fishermen had permits that are not included in that group.

This data is graphically presented in the attached Table 1

The point here is that the Korean Hair Crab fishery will not fall within the criteria necessary to apply a vessel-based system under this law. Scallops will not either as seen from the chart provided by CFEC. **Therefore, this law will have NO APPLICATION.** *It seems obvious to me that the agenda being pushed by HB 206 is to take away the fishing rights from this very stable group of interim-use permit holders and allocate the fishery to an equal number of investors who do not wish to personally participate in the fishery.*

Please do not pass HB 206 out of committee.

Sincerely,



Paul K. Seaton

Homer, Alaska

907 235-6342

Korean Hair crab Interim-use permit holders 1995-2000

Table 1

1995 over 5 ton	1996 vessels >60	1997 vessels >60	1998 vessels >60	1999 vessels >60	2000 vessels >60	2001 season closed	
Brady, J.	YES	YES	YES				
Garcia, K.	YES	YES					
Harrison, J.	YES						
Hillstrand, J.			YES	YES	YES		
Jorgenson, J.	YES	YES	YES	YES			
Karlsen, J.		YES					
Kvinge, J.				YES	YES		
Mack, R.	YES	YES					
Malcolm, D.	YES						
Mattsen, D.	YES	YES	YES	YES			
Morehouse, J.	YES	YES	YES				
Ostebo, K.	YES	YES					
Overa, R.	YES	YES		YES			
Poulsen, E.	YES	YES	YES	YES	YES		
Quashnick, R.	YES	YES	YES	YES			
Smythe, S.	YES						
Wabey, J.	YES	YES	YES	YES	YES		
Walters, G.	YES						
Veal, H.	YES						
	Clausen, J.	YES				Total Limited Entry Permits Issued under various Fishery Dependence Criteria 1995 + 1 year = 19 1996 + 1 year = 20 95 or 98 + 1yr = 22 Any 2 years = 24	
	Hillstrand, D.	YES	YES				
	Walker, D.	YES	YES	YES			
		Blue, G.	YES				
			Myrold, H.	YES			
Interim-use permits holders that participated in only one year							
Colburn, K.	Nyhammer, S.	Anderson, C.	Burlin, J.	Boltz, D.			
Gilliland, D.	Steel, J.	Czerwony, K.	Morris, J.	Hillstrand, A.			
Johnson, R.	Warness, V.	Davidson, S.	Ochsner, K.				
McPherson, C.		Moncriff, G.					
Plenikoff, P.							
Reddakopp, M.							
Robinson, J.							
Shishikoff, E.							
Stewart, G.							
Widing, W.							

Prepared by P. Seaton from CFEC data
on web site 3/29/2002

Subject: HB 206

Date: Tue, 2 Apr 2002 21:17:24 -0500 (EST)

From: "k_castner@excite.com" <k_castner@excite.com>

To: Senator_John_Torgerson@legis.state.ak.us

Dear Senator Torgerson and members of the Resources Committee:

I do not support the provisions in HB 206 that would allow the ownership of an Alaska Limited Entry permit by individuals or corporations that are not "at sea" catching the targeted fishery species. Fishermen only should have the permits.

To do otherwise is a return to the days of packer-owned boats and equipment, where fishermen either agreed to the packer's terms or lost access to the fishery.

This notion was firmly rejected in the entry scheme that was voted into the State Constitution.

Please award permits only to those with a fishing history.

Sincerely:

Ken Castner
PO Box 558
Homer, AK 99603

RESOLUTION - REPUBLICAN DISTRICT CONVENTION

WHEREAS the Republican Party supports the Constitution of the State of Alaska, and

WHEREAS the voters adopted a 1972 amendment to Article V111 Section 15 of the Constitution of the State of Alaska which allowed the establishment of a fisheries limited entry system, and

WHEREAS the knowledge and intent of the Alaskan voters was to allow limitation of entry of fishermen as persons engaged in fishing, and

WHEREAS AS 15.43 provides that only a "natural person" may own a Limited Entry Permit on a continuing basis, and

WHEREAS such "natural person" must be present at the operation of the permitted fishing gear, and

WHEREAS the knowledge and expertise of participating fishermen is the vital factor in the orderly prosecution of a fishery, now

THEREFOE BE IT RESOLVED BY THE 33rd, 34th AND 35TH DISTRICT CONVENTION OF THE REPUBLICAN PARTY OF ALASKA THAT the Republican party supports the continuation of Alaska Limited Entry on the basis of permitting only to "natural persons", and

FURTHER BE IT RESOLVED that the Republican Party would oppose ownership of Alaska Limited Entry Permits by corporations or other non "natural person" entities as a violation of the compact with the electorate in the establishment of Article 8, Section 15 of the Constitution of the State of Alaska.

4/6/2002

Passed unanimously by combined convention

HB

263

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 263(RES)
 (H) Publish Date: 1/30/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Environmental Conservation
 Title Regulations of Hot Springs BRU Environmental Health
 Component Food Safety and Sanitation
 Sponsor Representative Fate
 Requester House Resources Committee Component No. 2343

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact expected from this bill. Regulations of public swimming pools and spas will be revised later this year and would need to be consistent with this bill for flow-through hot springs pools.

Prepared by: Janice Adair, Director Phone 269-7644
 Division: Environmental Health Date/Time: 1/22/02 12:29 PM
 Approved by: Kurt Fredriksson Date: 1/22/2002
 Agency: Department of Environmental Conservation

REPRESENTATIVE
HUGH "BUD" FATE

Mailing Address:
119 N. Cushman, Suite 101
Fairbanks, AK 99701
(907)488-0862
Fax: 488-4271

Alaska State Legislature



House Of Representatives

While in session:

State Capitol
Juneau, Alaska
99801-1182
(907)465-4976
Fax: (907)465-3883

House District 33

SPONSOR STATEMENT

HB 263

Regulation of Hot Springs Water

Part of the enjoyment inherent in Hot Springs Resorts and mineral waters is how natural they are. To heavily chlorinate or otherwise treat the water seriously diminishes the experience. House Bill 263 eliminates the need for a constantly recycling hot springs to be chemically treated so long as the coliform load remains low.

In one situation with a flow through hot springs outdoor rock lake, a resort recently settled with the Department of Environmental Conservation. This bill is attempting to be similar to that settlement so that other resorts don't have to experience the legal battles and subsequent expenses that went along with it.

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

DIVISION OF ENVIRONMENTAL HEALTH
DIRECTOR'S OFFICE
555 CORDOVA STREET
ANCHORAGE, ALASKA 99501
<http://www.state.ak.us/dec/deh>

Telephone: (907) 269-7644
Fax: (907) 269-7654
e-mail: Janice_Adair@envircon.state.ak.us

January 24, 2002

The Honorable Beverly Masek
Co-Chairman, House Resources Committee
Room 128, Capitol Building
Juneau, AK 99801

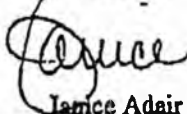
Re: HB 263, an act relating to hot springs

Dear Representative Masek:

Attached is a version of HB 263 that was prepared by Representative Fate to address the concerns the department expressed at the House Resources Committee hearing on this bill yesterday. This language works for us.

I want to thank you, the other committee members, and Representative Fate for being sensitive to our concerns and so willing to work with us to resolve them.

Sincerely,



Janice Adair
Director

Attachment: HB 263 Work Draft drafted by Jay Hardenbrook

cc: The Honorable Hugh Fate
The Honorable Drew Salzi, Co-Chairman
The Honorable Joe Green
The Honorable Lesil McGuire
The Honorable Gary Stevens
The Honorable Mike Chenault
The Honorable Mary Kapsner
The Honorable Beth Kerttula
(all with attachment as noted)

Post-It® Fax Note	7671	Date	1/25	# of Pages	3
To	MALL	From	Janice		
Co./Dept.	DEH	Co.	DEC	EH	
Phone #	465-5855	Phone #	269-7644		
Fax #	465-5862	Fax #	269-7654		

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

DIVISION OF ENVIRONMENTAL HEALTH
DIRECTOR'S OFFICE
555 CORDOVA STREET
ANCHORAGE, ALASKA 99501
<http://www.state.ak.us/dec/deh>

Telephone: (907) 269-7644
Fax: (907) 269-7654
e-mail: Janice_Adair@envircon.state.ak.us

May 3, 2001

The Honorable Gene Therriault
Alaska State Senate
Room 121, Capitol Building
Juneau, AK 99801

The Honorable Hugh Fate
Alaska House of Representatives
Room 416, Capitol Building
Juneau, AK 99801

Re: SB 214; HB 263: Flow Through Hot Spring Pools

Dear Senator Therriault and Representative Fate:

The purpose of this letter is to share with you problems our department has identified with the above-referenced legislation in the hopes that we may be able to come to an agreement on how it should be amended.

The primary problem is with the definition of a "flow-through hot spring pool." As written, the definition would include any pool – even one that is constructed from man-made materials such as concrete or plastic – that uses hot springs water as its water source. As drafted, our ability to require that pools constructed of man-made materials be chlorinated or filtered is unclear. When water is insufficiently treated, other disease-causing pathogens such as *Psuedomonas*, *Cryptosporidium*, Legionnaires' disease, *Giardia*, or *E. coli* will thrive because there are little or no competing bacteria to keep them in check. That is why chlorination and filtration of these pools is so important. Enclosed you will find the pertinent sections from a report by the Centers for Disease Control and Prevention on Waterborne Outbreaks that discuss the types of outbreaks it investigated between 1997 and 1998. It explains problems found both in treated and fresh contact recreational waters and how they might be avoided.

The second problem we see is that the bill places the current water quality standard for these waters in statute. While we don't disagree with the fecal coliform standard, if the water quality standard changes for other contact recreational waters, it should change for these types of facilities also. We would prefer to have the department's water quality standard for contact recreational waters cross-referenced.

Following is how we'd suggest the referenced bills be amended:

The Honorable Gene Therriault
The Honorable Hugh Fate
May 3, 2001
Page 2

Sec. 44.46.028. Flow-through hot springs pools. (a) A ~~flow-through~~ hot springs pool, whether natural or modified, that is being operated as part of a commercial establishment, is exempt from further water quality regulation by the Department of Environmental Conservation while the fecal coliform count in the pool meets the water quality standards for contact recreational waters adopted by the department under AS 46.03.070 and AS 46.03.080 ~~is maintained at 100 colonies or less per 100 milliliters~~ and the pool is free from dangerous levels of disease-causing pathogens.

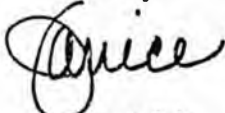
(b) In this section, "natural hot spring" means a naturally occurring impoundment into which geothermal water flows, seeps, or is otherwise held. The naturally occurring impoundment may have minor modifications to support access and bather comfort such as steps and benches.

"Modified hot spring" means a man-made impoundment constructed of natural materials or a naturally occurring impoundment into which geothermal water is directed or piped by human involvement from a geothermal source. A modified hot spring may have a semi-permeable liner in order to control erosion however, the liner may not leach chemicals into the water or create a substrate for the growth and survival of disease-causing microorganisms. ~~flow-through hot springs pool" means a pool in which the water from a naturally occurring hot spring constantly enters the pool to replace an equal amount of water constantly being drained from the pool.~~

I understand the desire to ensure that facilities such as Chena Hot Springs Resorts (CHSR) are not regulated like man-made pools. Certainly our pool and spa regulations do not fit the type of pool at CHSR that was created from its natural hot springs. This "pool," which we refer to as the "Rock Lake," cannot be chlorinated. Also, the regulatory construction requirements for pools would likely not work for a modified hot springs that attempts to be in a natural setting. Recognizing these problems, we entered into an operating agreement with CHSR that was tailored to that operation specifically. Our research of other states' regulation of these types of facilities indicated those that had the best success, such as Colorado, had individual operating agreements. With that approach, any hot spring pool can retain its unique characteristics and still be protective of public health, not just from the water quality standpoint, but also from physical hazards that can cause injuries to users. We plan to revise our pool and spa regulations late this summer or early fall, and to propose such an approach for commercially operated natural and modified hot springs.

Don't hesitate to call if you'd like to discuss this further.

Sincerely,



Janice Adair
Director

Enclosures:

◆ Surveillance for Waterborne-Disease Outbreaks – United States, 1997 – 1998 by the CDC

cc: Lori Backes, Office of Representative Whitaker (w/encl)



TONY KNOWLES, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

DIVISION OF ENVIRONMENTAL HEALTH
DIRECTOR'S OFFICE
555 CORDOVA STREET
ANCHORAGE, ALASKA 99501
<http://www.state.ak.us/dec/deh>

Telephone: (907) 269-7644
Fax: (907) 269-7654
e-mail: jadair@envircon.state.ak.us

July 28, 2000

Mr. Bernie Karl
Chena Hot Springs Resort
Post Office Box 73440
Fairbanks, Alaska 99701

Dear Mr. Karl:

In a continuing effort to find a mutually satisfactory resolution to the issues surrounding the rock lake at Chena Hot Springs Resort (CHSR), this letter will outline a proposal that will allow the lake to reopen should you agree to its terms.

Two (2) of our environmental health officers spent nearly twelve (12) hours at CHSR recently to view first hand the operation of the rock lake. From that visit, we know the following:

- 1) The water in the lake cannot be effectively disinfected or filtered because it is in part fed from the bottom;
- 2) It takes nine to ten (9-10) hours for the lake to refill after being drained, indicating two (2) turnovers of the water every twenty-four (24) hours; and
- 3) There are many areas where the water does not circulate, particularly around the boulders surrounding the lake. This was evidenced by algae growth.

Because of item number one (1) above, the rock lake cannot meet the vast majority of the regulations adopted for public swimming pools even though the Department of Law has advised that the rock lake falls within the regulatory definition. Therefore, under the authority in our regulations to grant waivers for specific requirements, I'd like to have an agreement - signed by both of us - regarding our joint approach to the rock lake. This agreement will stay in effect until either:

- 1) Alaska statutes are enacted regarding the sanitation requirements for hot springs, or
- 2) The department adopts sanitation regulations specific to hot springs, whichever occurs first. You will have the opportunity to review and comment on any and all regulations we may draft on this topic.

Safe Food. Safe Water. Healthy Communities

Page 2
Bernie Kari
July 28, 2000

By entering into this agreement with the department, you are not agreeing that the rock lake is a public swimming pool and thus subject to the regulations we've adopted for public swimming pools.

Likewise, the department will not require that you follow the regulations for public swimming pools or take any action against you or CHSR for failing to follow the requirements of those regulations with respect to the rock lake. Rather, this written agreement will direct the relationship between us relative to the rock lake.

You have told me that you are willing to limit your bather load in order to reopen the rock lake to the public. Doing so will help – at least in part – to alleviate some of the public health concerns we have, provided that limitation is coupled with a few other things. You also told me that you would be willing to work with us on some of our other concerns after we clear the hurdle of getting the rock lake reopened. Therefore, I would like each of us to agree to the following:

1. In order to limit the potential for bacterial contamination, limit the bather load in the rock lake to twenty (20) people per hour and no more than sixty (60) people in a twenty-four (24)-hour period.
2. Ensure that users of the rock lake shower before using the rock lake as well as after using it and before entering the concrete pool, jacuzzi, or hot tub in order to limit the potential for cross-contamination.

In order that the users of the rock lake are both informed and can help maintain water quality, post the rock lake with signage that is easy for patrons to see and that says or clearly indicates:

1. the water is not disinfected or filtered, that bacteria is present, and they should use at their own risk;
2. people with a communicable disease, open lesions, or mouth, nose or ear discharges may not use the rock lake;
3. the limits on the number of users as outlined in (1) above; and
4. the requirements to shower before using the other vessels at CHSR as outlined in (2) above.

In addition, you must also post the signage you have at the concrete pool that says no one may urinate, spit, blow their nose, or deposit any foreign matter into the lake, that tobacco, food, and drink are prohibited and only persons dressed for bathing may use the lake.

This information can be displayed on however many signs you'd like so long as the message on each sign is easily visible to the users of the lake before they enter it.

So that we can determine if the bather load has been properly set, at least once every thirty (30) days, test the water of the rock lake for compliance with the fecal coliform standard in the state's Water Quality Standards for contact recreational waters. That standard is 100 FC/100 ml of water

Page 3
Bernie Karl
July 28, 2000

and can be found at 18 AAC 70.020(b)(1)(B)(i). A laboratory certified by the department, such as Northern Test Labs must do the testing. The samples must be collected and tested in accordance with the American Public Health Association's Standard Methods for the Examination and Water and Wastewater, 1985 edition. Copies of the test results will need to be faxed to Cory as soon as you receive them from the lab.

If the fecal coliform levels exceed the water quality standards, the rock lake must be closed to the public until the fecal coliform levels come down. Should that happen, we will work with you to try to figure out the source of the bacteria, or we may need to reduce the bather load.

On the other hand, if the samples consistently come back well below the water quality standards level, we will work with you to incrementally increase the bather load.

I should note that those areas in the lake where water does not circulate well provide an excellent place for bacteria to grow. You may need to consider ways to increase the circulation of the water, which will in turn reduce the overall bacteria levels.

Also, it is critically important that the chlorine levels in the concrete pool, hot tubs and jacuzzi be carefully maintained. Any bacteria that might get in there from users of the rock lake (if they don't shower well enough), will grow exponentially unless there is enough chlorine to kill the pathogens.

You have today faxed us the text of the sign you intend to post. It meets the requirements of this agreement. You have also provided us with the test results from the samples collected on July 17, 2000 which show acceptable coliform levels. Therefore, the closure notice for the rock lake is lifted upon your signing this agreement. The next water sample must be collected on August 17, 2000.

As I mentioned to you during one of our telephone conversations, there are also some safety issues we believe need to be addressed as soon as possible after the rock lake is reopened. Addressing these issues will protect you as well as your patrons. Those items are:

1. Somehow indicate the depth of the rock lake, however you feel best fits the aesthetics of the area. Our only concern is that it be done in a fashion that's permanent and clearly visible to the users.
2. While it's hard to imagine someone trying, you should also post a No Diving sign. You never know what people might do.
3. There are sharp edges on at least some of the granite boulders that surround the lake, sharp enough that people can cut themselves. Each boulder needs to be carefully examined for sharp edges, and then somehow smoothed so they will not cut skin. You should also keep people from climbing out of the lake onto the boulders and then getting back into the lake.
4. The lifesaving equipment you have for your concrete pool should be located in an area where it can be easily accessed for both the pool and the rock lake. You probably already do this; we haven't discussed it before. But, I wanted to be sure to mention it, as it is important.

Page 4
Bernie Karl
July 28, 2000

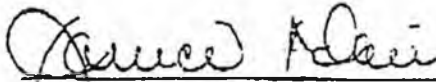
Upon signing this agreement, we both agree to follow the terms outlined above. In addition, Chena Hot Springs Resort and you agree to indemnify and hold the state, its agents and assignees harmless from any claims arising from public use of the rock lake.

Nothing in this agreement shall be construed as preventing the department from issuing a closure notice if there is a public health emergency associated with the rock lake as determined by the Section of Epidemiology in the Division of Public Health, Department of Health and Social Services. Of course, at that point, I know you would want to keep the public out of the lake, too. And, should this happen, we will work with you to try to find the source of the problem including how it can be prevented from reoccurring which may require an amendment to this agreement.

I am looking forward to continuing to work with you on the rock lake as I believe that the more we learn about it, the better job we can do in developing regulations specific to hot springs. I'm glad you've found Cory good to deal with. As I previously told you, he is our "resident expert" on pools and spas, and soon with your help, hot springs.

I am faxing this agreement to you today; please fax me back the signature page. I'll also put two (2) copies in the mail to you. Please keep one for your files and return the second one to me with your original signature.

Sincerely,



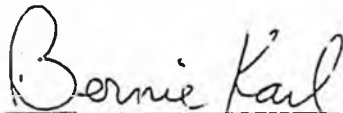
Janice Adair
Director

(Signature indicates agreement to terms set out above)

7-28-00

Date

Agree to the terms set out above:



Bernie Karl
Chena Hot Springs Resort

(Signature indicates agreement to terms set out above)

7-28-00

Date

cc: Michele Brown, Commissioner
Interior Delegation

HB

286

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 286(FSH)
 (H) Publish Date: 2/13/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Fish and Game
 Title Authorizing persons to hold more than one limited BRU Administration and Support
entry fishing permit Component Boards of Fisheries and Game
 Sponsor Representative Scalzi
 Requester House Fisheries Component No. 2048

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Gordy Williams
Commissioner's Office
 Approved by: Gordy Williams for Commissioner Frank Rue
 Agency: Fish and Game

Phone 465-6143
 Date/Time 1/31/02 2:00 PM
 Date 1/31/2002



Alaska State Legislature

Official Business

REPRESENTATIVE DREW SCALZI

State Capitol

Juneau, Alaska 99801-1182

(907) 465-2689; (800) 665-2689

FAX: (907) 465-3472

Representative_Drew_Scalzi@legis.state.ak.us

Sponsor Statement

HB286: "An Act allowing a person to hold two commercial fishing entry permits for a salmon fishery for the purpose of consolidating the fishing fleet for a salmon fishery; relation to salmon fishery associations and to salmon fishery assessments; and providing for an effective date."

The health of the salmon industry should be of the utmost importance to the state of Alaska as it directly impacts the economic health of the state. While nearly 175 million salmon were landed last summer, the fishermen's take was only \$216 million -- less than half of what they got 15 years ago. The upside is that global demand for salmon is exploding with the world consumption at almost 4 billion pounds last year, three times the amount of 20 years earlier. With a refocusing of fisheries management, the state should be able to regain its strong foothold in the worldwide market.

The goal of this bill is to voluntarily reduce the fleet size where desired and deemed necessary to promote greater economic incentives in a manner that would leave sufficient harvest capacity for large fish returns. With HB286, salmon limited entry and interim use permit holders will be allowed to hold no more than two permits; the provision applies exclusively to salmon fisheries.

Holders of two permits will not be granted any special fishing privileges over the holder of one permit; the Board of Fish would be prohibited from enacting regulations that would grant these privileges. This measure will facilitate removing a vessel and gear from a fishery; however, permits are not permanently removed from the system. If conditions improve, permits can be added back into fisheries, allowing each administrative area to address its particular difficulties by gear type.

HB286 provides the means for fishermen to tax (assess) themselves to assist fleet consolidation, thereby improving the fisheries for all participants. Fishermen are not asking the legislature to appropriate money for permit buybacks; they are seeking solutions from within the industry. This bill would provide the vehicle for collection of the self-assessment and the appropriation back to the association formed by the holders who wish to consolidate. Two-thirds of gear-type in an administrative area must approve the assessment; thus this measure ensures voluntary participation and approval from the majority of the permit holders. The assessment can be no greater than 5% of the ex-vessel value of the salmon landed by the permit holder; hence the value and assessment would vary from year to year. Some fisheries may feel they can only afford ¼%, while others may feel secure in voting for 5%; allowing the individual needs of each fishery to be met.

The bill clearly delineates the assessment process with all checks and balances adequately addressed to ensure the intent of the measure is correctly administered.

Sectional Analysis

CS for HB 286(FSH)

“An Act allowing a person to hold two commercial fishing entry permits for a salmon fishery for the purpose of consolidating the fishing fleet for a salmon fishery; relating to salmon fishery association and to salmon fishery assessments; and providing for an effective date.”

Section 1. Salmon Fishery Associations

- The commissioner of the Alaska Department of Fish and Game shall assist and encourage the formation of salmon fishery associations if a fishery desires to form such an association
- Allows for the voluntary formation of salmon fishery associations for the purpose of fleet consolidation
- The associations would be comprised of entry permit holders by fishery (gear type) within administrative areas
- The association must be incorporated as a nonprofit corporation under Alaska law (AS 10.20); represent the salmon interim-use and entry permit holders within the designated fishery; and, have a board of directors representative of these individuals
- The association must develop by-laws and articles of incorporation

Section 2.

- Adds a new section to existing law (AS 16.43.140©) to allow an individual to hold two entry permits, but a person who holds two entry permits for a salmon fishery is not afforded additional fishing privileges for the second permit
- Upon passage of this bill, a salmon interim-use or entry permit holder may purchase a second permit in the same fishery
- The creation of an association or a vote on an assessment is not required before an individual may purchase a second permit in the same fishery

Section 3.

- Provides the assessment receipts flow for the budget process

Section 4.

Salmon Fishery Assessment

- Provides the mechanism and legal process for salmon fishermen to levy an assessment on themselves
- To proceed with a proposed assessment in a fishery it is a voluntary action of the salmon fishermen within a particular fishery (gear type)

see. analysis.

Definitions

- The definitions contained in this section are consistent with those for the Department of Revenue and the Department of Fish and Game already contained in law

Effective Date

- There is an immediate effective date under AS 01.10.070©

Petersburg Vessel Owners Association

P.O. Box 232

Petersburg, Alaska 99833

March 14, 2002 Phone (907) 772-9323 Fax (907) 772-4495

Representative Drew Scalzi
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

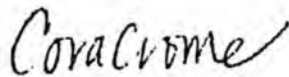
RE: Support HB 286 Own More Than One Limited Entry Permit

Petersburg Vessel Owners Association is a group of commercial fishermen who participate in a variety of fisheries statewide. Income from commercial fishing is very important to our community and to the Alaskan economy. In recent years, salmon fishermen have faced falling prices and weak markets for their products. This is due to a variety of factors including competition from cheap farmed salmon, a weak yen, and reduced market opportunities.

Fleet reduction is one way for our industry to reinvent itself to survive and prosper in the future. By creating mechanisms to reduce the number of active permits, we will enable fisheries to provide compensation for those who can no longer profit in the fishery and ensure that those who remain are able to survive. HB 286 is an innovative solution that would allow fleets around the state to design a program to reduce the number of permits in their fishery. Each fishery and region could customize the program to fit the special set of circumstances they are facing. Any assessment under this legislation would be voluntary, requiring a two-thirds majority vote.

This legislation is a valuable tool to help the industry face our challenges and move into the future. We appreciate your consideration of these comments and hope you will support this bill. If we can assist you in any way, please feel free to contact us.

Respectfully,



Cora Crome
Director

SUPPORT



UNITED FISHERMEN OF ALASKA

February 20, 2002

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

Representative Drew Scalzi
Representative Beverly Masek
Co-Chairs
House Resources Committee
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Re: HB 286 Ownership Of More Than One Fishery Permit

Dear Co-Chairs:

United Fishermen of Alaska supports passage of this bill to allow fishery permit stacking for the purpose of fleet reduction. Specifically, we support allowing:

- A natural person to own up to two permits in a salmon fishery
- Formation of regional non-profit associations to facilitate funding.
- A 2/3 majority vote by permit holders to authorize a self assessment of up to 5% of ex-vessel value

As you are aware, the Alaska salmon industry is facing challenges due to imports of farmed fish, the value of the Japanese yen, the lagging Japanese economy, and inefficiencies in the present harvesting structure. It is important that fishermen have a self-directed means of removing excess capacity without the use of state funds and in a manner that is constitutionally viable.

We discussed expanding this permit-stacking program to fisheries other than salmon, but do not feel there has been adequate discussion with other non-salmon fisheries of this option at the present time.

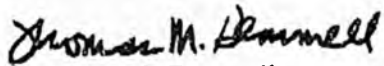
MEMBER ORGANIZATIONS

Alaska Longline Fishermen's Association • Alaska Trollers Association • Alaska Processors Association • Bristol Bay Reserve
Chignik Regional Aquaculture Association • Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association
Copper River Salmon Producers Association • Cordova District Fishermen United • Douglas Island Pink and Chum
Ketchikan Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • Kodiak Seiners Association • North Pacific Fisheries Association
Northern Southeast Regional Aquaculture Association • Old Harbor Fisherman's Association • Petersburg Vessel Owners Association
Prince William Sound Aquaculture Corporation • Pura Seine Vessel Owners Association • Seafood Producers Cooperative
Southeast Alaska Regional UFA Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
United Cook Inlet Ditch Association • United Salmon Association • United Southeast Alaska Gillnetters

The twenty-nine member groups of UFA would appreciate your support in passing this bill.

If you have any questions about our position or if you need additional information, please feel free to contact me.

Sincerely,



Thomas M. Gemmell
Executive Director

Subject: [Fwd: Support HB 286]

Date: Thu, 14 Mar 2002 13:32:13 -0900

From: Representative Drew Scalzi <Representative_Drew_Scalzi@legis.state.ak.us>

To: Pat_Hartley@legis.state.ak.us

Subject: Support HB 286

Date: Thu, 14 Mar 2002 13:02:00 -0800

From: Sue Aspelund <cdfu@ptialaska.net>

To: House of Representatives <cdfu@ptialaska.net>

Dear Member,

On behalf of Cordova District Fishermen United—the fishermen of the Copper River and Prince William Sound—I would like to urge your support for HB 286. This bill provides an important flexible and immediate tool for fishermen to use when taking gear out of the water in a fishery is appropriate.

The bar for the self-assessment mechanism is purposefully high. It assures that a strong majority (2/3) of any fleet must support self-assessment.

We appreciate your support for legislation that provides a means for our industry to address one of our very real problems--overcapitalization. Thank you.

Sue

Sue Aspelund, Executive Director
Cordova District Fishermen United
P.O. Box 939
Cordova, AK 99574
907.424.3447 phone
907.424.3430 fax

Sent By: UFA;
To: Rep. Drew Scalzi

At: 465-3472

JetSuite;

Mar-14-02 2:10PM;

Page 1/1

03/14/2002 13:06

9074867058

UNITED SALMON ASSOC

PAGE 02



P.O. Box 762 • Kodiak • AK • 99615

Phone: (907) 486-8899 • Fax: (907) 486-7058 • Email: kodiak@unitedsalmon.org

March 14, 2002

Dear Representative;

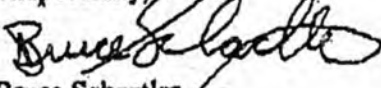
I am writing to express the support of the United Salmon Association for HB 286, a bill to allow a person to own two salmon permits.

The Alaskan salmon industry is at a critical juncture. Fishermen, processors, lawmakers, and other stakeholders are working on many fronts to make this important Alaskan industry more competitive in the world marketplace.

HB 286 will provide a valuable tool for salmon fishermen as they work to revitalize their industry. Many believe that inactive permits throughout the state stand to destabilize the recovery of the industry. The bill will allow fishermen to take action to reduce fleet size in their regions, streamlining the industry and improving the likelihood of successful revitalization.

United Salmon Association urges you to support this bill.

Respectfully,


Bruce Schactler

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Central Microfilm Services
Department of Education & Early Development
State of Alaska

Sent By: UFA;
To: Rep. Drew Scalzi
03/14/2002 13:06

At: 465-3472
9074867058

JetSuite;

Mar-14-02 2:10PM;

Page 1/1

UNITED SALMON ASSOC

PAGE 02



P.O. Box 762 • Kodiak • AK • 99615
Phone: (907) 486-8899 • Fax: (907) 486-7058 • Email: kodiak@unitedsalmon.org

March 14, 2002

Dear Representative;

I am writing to express the support of the United Salmon Association for HB 286, a bill to allow a person to own two salmon permits.

The Alaskan salmon industry is at a critical juncture. Fishermen, processors, lawmakers, and other stakeholders are working on many fronts to make this important Alaskan industry more competitive in the world marketplace.

HB 286 will provide a valuable tool for salmon fishermen as they work to revitalize their industry. Many believe that inactive permits throughout the state stand to destabilize the recovery of the industry. The bill will allow fishermen to take action to reduce fleet size in their regions, streamlining the industry and improving the likelihood of successful revitalization.

United Salmon Association urges you to support this bill.

Respectfully,


Bruce Schactler

Cordova District Fishermen United

Celebrating 65 Years of Service to Commercial Fishermen in Cordova, Alaska
P.O. Box 939 Cordova, Alaska 99574 / phone (907) 424-3447 / fax (907) 424-3430 /
e-mail cdfu@ptialaska.net

February 9, 2002

House Resources Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

SENT VIA FACSIMILE TO 907.465.3472

RE: CS for HB 286 - Permit Stacking for Fleet Reduction Purposes

Dear Members,

Cordova District Fishermen United, representing the fishing fleets of Area E-- Prince William Sound and the Copper River--supports the CS for HB 286. The salmon industry in Alaska is reeling from the impacts of low-cost farmed fish and a weakened Japanese economy, and must utilize a variety of mechanisms aimed at decreasing costs and increasing efficiencies. Harvesters in our industry need the ability to remove excess capacity, where desirable, so that their investments in efficiencies and decreased costs are not mooted by reactivation of present latent licenses once industry viability increases.

Additionally, we are in full support of the assessment mechanism that provides fleets, regionally and voluntarily, to assess themselves to accomplish their fleet reduction goals. The 2/3rd majority of the permit holders of any gear group that is required prior to any assessment provides an important safeguard.

This is thoughtful, responsible legislation that provides an extremely significant tool for salmon fishermen to utilize as they attempt to find viability in today's volatile salmon industry. We urge your full support of CS for HB 286.

Sincerely,

Sue Aspelund

Sue Aspelund
Executive Director

Support

Testimony of David Beard on House Bill 286

Executive Director of Southeast Alaska Seiners Association
Board of Directors of United Fishermen of Alaska.
Attorney

Mr. Chairman, members of the House Resources Committee, I appreciate this opportunity to speak to the Committee on HB 286, a bill that I believe is of great importance to the commercial fishermen of Alaska.

I would like to thank Representative Scalzi for introducing this legislation

HB 286 is offered at UFA's request

These are hard times in the salmon industry.

- >> In Bristol Bay, permits sell for one tenth what they commanded ten years ago. That permit value is a bench mark of the expectations fishermen have for that fishery and those expectations have dropped to ten cents on the dollar in ten years time.
- >> In Southeast Alaska dozens of purse seine boats, each of which employ five fishermen, will be tied to the docks this summer because there is no market for their fish.
- >> Fishermen across the state see the value of their fish dropping to the point that many can no longer make a living fishing salmon. For example, sockeye salmon that brought fishermen well over a dollar a pound ten years ago fetched as little as 40 cts per pound last summer.

While this underscores the concerns of commercial fishermen, the difficulties the industry confronts should be of concern to all Alaskans.

- >> the commercial fishing industry is the largest private sector employer in our state and salmon fishing is the heart of the commercial fisheries.
- >> In most coastal communities, commercial fisheries provide 50% or more of basic private sector employment.
- >> As the salmon fisheries go, whether up or down, so goes coastal Alaska.

HB 286, the fleet consolidation bill that you have before you, is part of Alaskan fishermen's effort to help themselves in the face of some tough times.

The solution is conceptually simple. With reduced numbers of fish in some areas of the state, and reduced prices for salmon statewide, it will be helpful in some areas to reduce the size of the salmon fleet so that each fishermen can catch more fish and get a reasonable wage for their efforts and investment.

In developing this bill we held a number of principles in mind

- >> First, that fishermen should shoulder the primary responsibility for the program
- >> Second, that the consolidation program should be voluntary and regional, and
- >> finally that the programs put in place should be accountable to the fishermen who will pay for the program and to the people of the state.

Overview: The program is conceptually simple. It

- >> allows individual fishermen to hold two permits for the purpose of fleet consolidation. NO increased fishing privileges could go with a second permit.
- >> allows fishermen to set up a non profit association to help with the consolidation program.
- >> allows fishermen to vote on whether to tax themselves to pay for consolidation with a 2/3 majority required to levy a tax; and
- >> establishes administrative procedures to protect the interests of the fishermen and the people of the state.

Responsibility:

- >> If fishmen wanted to set up a consolidation program the fishermen would pay up front costs to get the program running -- setting up the association, notifying permit holders, polling the permit holders
- >> fishermen could choose to assess themselves up to 5% to implement the program hence fishermen would contribute funds to help consolidate their fishery. Fishermen could also seek out other sources of funding.
- >> fishermen would be responsible for administering the program through the association they created and controlled.

Voluntary: UFA purposefully set the bar high.

- >> 2/3 "yes" vote of all permit holders within a fishery is required to approve a tax on the ex-vessel value of salmon harvested in the fishery..
- >> But the program is voluntary not only at the outset but all along the way. The bill includes procedures to repeal the tax. If 25% of permit holders petition the association then a new election must be held to determine whether fishermen wish to change or repeal the tax.

Regional:

- >> Each gear group in each region controls the program for its fishery. Thus seiners in Southeast decide only for seiners in Southeast. Gillnetters in Prince William Sound have no voice in what gillnetters in Cook Inlet decide.

Accountable:

- >> If fishermen choose to set up an association to pursue fleet consolidation the association must develop an annual business plan
- >> The association will be required to report annually to fishermen and to state.
- >> At any time that fishermen become dissatisfied with the program they can vote the program out of existence.

These are hard times in the salmon industry. I appreciate the efforts of you who serve in the legislature to lend a hand. This bill will help commercial salmon fishermen to make strides toward solving our problems.

Thank you. I urge you to support this bill and thereby help us to help ourselves



P.O. Box 762 • Kodiak • AK • 99615
Phone: (907) 486-6899 • Fax: (907) 486-7058 • Email: kodiak@unitedsalmon.org

February 21, 2002

Representative Drew Scalzi
State Capitol
Juneau, AK 99801-1182

Dear Drew;

The United Salmon Association would like to express its support for HB 286.

As fishermen work to strengthen the salmon industry in Alaska, tools such as those provided in HB 286 will allow them to address their own regional needs and move forward in their efforts to revitalize fisheries in their own areas.

Thank you for all of your efforts on behalf of Alaskan fishermen.

Sincerely,

A handwritten signature in black ink that reads "Thom Wischer". The signature is written in a cursive, flowing style.

Thom Wischer
Chairman
USA/Kodiak

Cordova District Fishermen United

Celebrating 65 Years of Service to Commercial Fishermen in Cordova, Alaska
P.O. Box 939 Cordova, Alaska 99574 / phone (907) 424-3447 / fax (907) 424-3430 /
e-mail: cdfu@ptialaska.net

April 5, 2002

Senate Resources Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

SENT VIA FACSIMILE TO 907.465.4779

RE: CS for HB 286 - Permit Stacking for Fleet Reduction Purposes

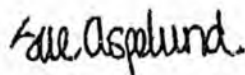
Dear Members,

Cordova District Fishermen United, representing the fishing fleets of Area E-- Prince William Sound and the Copper River--supports the CS for HB 286. The salmon industry in Alaska is reeling from the impacts of low-cost farmed fish and a weakened Japanese economy, and must utilize a variety of mechanisms aimed at decreasing costs and increasing efficiencies. Harvesters in our industry need the ability to remove excess capacity, where desirable, so that their investments in efficiencies and decreased costs are not mooted by reactivation of present latent licenses once industry viability increases.

Additionally, we are in full support of the assessment mechanism that provides fleets, regionally and voluntarily, to assess themselves to accomplish their fleet reduction goals. The 2/3rd majority of the permit holders of any gear group that is required prior to any assessment provides an important safeguard.

This is thoughtful, responsible legislation that provides an extremely significant tool for salmon fishermen to utilize as they attempt to find viability in today's volatile salmon industry. We urge your full support of CS for HB 286.

Sincerely,



Sue Aspelund
Executive Director



UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

April 8, 2002

Senator John Torgerson
Chair
Senate Resources Committee
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Re: HB 286 Ownership of More Than One Fishery Permit

Dear Senator Torgerson,

United Fishermen of Alaska supports passage of this bill to allow fishery permit stacking for the purpose of fleet reduction. Specifically, we support allowing:

- A natural person to own up to two permits in a salmon fishery.
- Formation of regional non-profit associations to facilitate funding.
- A 2/3 majority vote by permit holders to authorize a self assessment of up to 5% of ex-vessel value to fund the buyback.

As you are aware, the Alaska salmon industry is facing challenges due to imports of farmed fish, the value of the Japanese yen, the lagging Japanese economy, and inefficiencies in the present harvesting structure. It is important that fishermen have a self-directed means of removing excess capacity without the use of state funds and in a manner that is economically viable.

We discussed expanding this permit-stacking program to fisheries other than salmon, but do not feel there has been adequate discussion with other non-salmon fisheries of this option at the present time.

MEMBER ORGANIZATIONS

Alaska Longline Fishermen's Association • Alaska Trollers Association • At-sea Processors Association • Bristol Bay Reserve
Chignik Regional Aquaculture Association • Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association
Copper River Salmon Producers Association • Cordova District Fishermen United • Douglas Island Pink and Chum
Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • Kodiak Seiners Association • North Pacific Fisheries Association
Northern Southeast Regional Aquaculture Association • Old Harbor Fisherman's Association • Petersburg Vessel Owners Association
Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association • Seafood Producers Cooperative
Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
United Cook Inlet Drift Association • United Salmon Association • United Southeast Alaska Gillnetters

UFA would appreciate your support in passing this bill.

If you have any questions about our position or if you need additional information, please feel free to contact me.

Sincerely,

Thomas M. Gemmell

Thomas M. Gemmell
Executive Director

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR TORGERSON

TO: CSHB 286(RES)am

1 Page 2, line 31, following "percent":

2 Insert "and the termination date of the assessment"

3

4 Page 3, line 14:

5 Delete "and"

6 Insert ", "

7

8 Page 3, line 15, following "election":

9 Insert ", and the date on which the assessment would terminate under
10 AS 43.76.250(a)"

11

12 Page 4, line 3, following "rate":

13 Insert "and the proposed termination date"

14

15 Page 4, line 25, following "43.76.220":

16 Insert "and the date on which the assessment would terminate under AS 43.76.250(a)"

17

18 Page 5, line 15, following "rate":

19 Insert "or termination date"

20

21 Page 5, line 25, following "rate":

22 Insert "or termination date"

23

24 Page 5, line 30, following "rate":

1 Insert "or termination date"

2

3 Page 6, line 4, following "rate":

4 Insert "or termination date"

5

6 Page 6, line 5:

7 Delete "the proposed rate"

8 Insert ", as appropriate, the proposed rate or termination date"

9

10 Page 6, line 9:

11 Delete "the ballot"

12 Insert "a ballot to amend the rate of the salmon fishery assessment"

13

14 Page 6, line 10, following "whether the":

15 Insert "rate of the"

16

17 Page 6, line 12:

18 Following "43.76.220":

19 Insert "and the termination date of the assessment"

20 Following "amended;":

21 Insert "a ballot to amend the termination date of the salmon fishery assessment
22 must ask the question whether the termination date of the salmon fishery assessment
23 on salmon sold in the fishery shall be amended and must state the termination date of
24 the salmon fishery assessment if the termination date is amended;"

25

26 Page 6, line 25, following "revenue":

27 Insert "on the termination date determined at an election held under AS 43.76.230 to
28 establish or amend the assessment.

29 (b) Notwithstanding (a) of this section, the commissioner of revenue shall
30 terminate the salmon fishery assessment before the termination date determined at an
31 election held under AS 43.76.230 to establish or amend the assessment,"

1

2 Page 6, line 28:

3 Delete "(b)"

4 Insert "(c)"

5

6 Page 6, line 29:

7 Delete "(a)"

8 Insert "(b)"

LEGAL SERVICES

HB 286

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

April 16, 2002

SUBJECT: Sources of money for appropriations to fund qualified salmon fishery associations (CSHB 286(RES) am, Work Order No. 22-LS1099X.A)

TO: Representative Drew Scalzi
Attn: Pat Hartley

FROM: George Utermohle
Legislative Counsel

You have asked whether the legislature may use federal, state, or other funds as a source for appropriations for funding qualified salmon fishery associations. The answer is yes.

The latest version of HB 286 (CSHB 286(RES) am) provides that the legislature may appropriate revenue collected from the salmon fishery assessment to fund qualified salmon fishery associations. See, sec. 4, page 3, lines 5-8.

Notwithstanding, the availability of the salmon fishery assessment to provide funding for the salmon fishery associations, the legislature has the power to appropriate money from virtually any source to that purpose. The legislature may appropriate money to fund salmon fishery associations from a federal grant or private gift, grant, or bequest, as well as from state funds. The power of the legislature to appropriate money from any source to fund salmon fishery associations is virtually unlimited except for state money that is dedicated to another purpose and for federal or private money that is available to the state only for specific purposes that do not include funding for salmon fishery associations.

Also it is worth noting that nothing in the bill would limit the ability of a salmon fishery association to obtain direct federal and private grants on its own.

If I may be of further assistance, please advise.

GU:med
02-383.med



P.O. Box 762 • Kodiak • AK • 99618
Phone: (907) 486-8899 • Fax: (907) 486-7058 • Email: kodiak@unitedsalmon.org

April 9, 2002

Dear Senator Torgerson and Senate Resource Committee;

I am writing to express the support of the United Salmon Association for HB 286, a bill to allow a person to own two salmon permits. United Salmon Association also supports HB 288, a cousin bill.

The Alaskan salmon industry is at a critical juncture. Fishermen, processors, lawmakers, and other stakeholders are working on many fronts to make this important Alaskan industry more competitive in the world marketplace.

HB 286 will provide a valuable tool for salmon fishermen as they work to revitalize their industry. Many believe that inactive permits throughout the state stand to destabilize the recovery of the industry. The bill will allow fishermen to take action to reduce fleet size in their regions, streamlining the industry and improving the likelihood of successful revitalization. Likewise, HB 288 will improve the flexibility of this revitalization research.

United Salmon Association urges you to support these bills.

Respectfully,

A handwritten signature in cursive script that reads "Bruce Schactler".

Bruce Schactler

HB

287

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 287(FSH)
 (H) Publish Date: 3/6/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Fish & Game
 Title Exemption of commercial fishing entry permits BRU Comm Fish Entry Commission
from claims of creditors Component Comm Fish Entry Commission
 Sponsor Rep. Scalzi
 Requester House Fisheries Component No. 471

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact

HB 286
Addition

Prepared by: Roger Kolden Phone 790-6950
 Division Commercial Fisheries Entry Commission Date/Time 3/4/02 12:16 PM
 Approved by: Mary McDowell, Commissioner Date 03/04/2002
 Agency Commercial Fisheries Entry Commission

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSHB 287(FIN)
 (H) Publish Date: 4/26/02
 Dept. Affected: DCED
 BRU: Investments (122)
 Component: Investments
 Component No. 383

Revision Date/Time (Note if correction):
 Title: Exempt Entry Permits from Creditor Claims

Sponsor: Representative Scalzi
 Requester: House Finance

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES (21608)	0.0	0.0	0.0	0.0	0.0	0.0
-------------------------------------	------------	------------	------------	------------	------------	------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation has no fiscal impact on the operations of this division.

Prepared by: Greg Winegar, Director
 Division: Investments
 Approved by: Deborah B. Sedwick, Commissioner
 Agency: Department of Community & Economic Development

Phone: 465-2510
 Date/Time: 4/26/02 9:16 AM
 Date: 4/26/2002



Official Business

Alaska State Legislature

REPRESENTATIVE DREW SCALZI
State Capitol
Juneau, Alaska 99801-1182

(907)465-2689; (800)665-2689
FAX: (907)465-3472

Representative_Drew_Scalzi@legis.state.ak.us

Sponsor Statement

HB287 "An Act relating to the exemption of commercial fishing entry permits from claims of creditors and execution on an interest in a limited entry permit; and providing for an effective date."

Recent developments in law require a clear statement of the principle embodied in the original Limited Entry Act that limited entry permits are not property subject to the claims of creditors.

The long-term crisis facing the Alaska salmon industry due to dramatic increases in world salmon production coupled with equally dramatic reductions in salmon prices make this principle all the more important. If Alaska fishermen are forced out of the water because creditors take their limited fishing privileges, everyone in Alaska loses.

The bill also adds language to request the commission to transfer an entry permit due to an execution on a permit holder's interest in that permit *if the execution is to enforce a lien recorded with the commission* and reinforces that commercial fishing privileges granted under this chapter, including entry permits are exempt from claims of creditors, including claims under AS09.38.065 and AS 45.29.408.

This bill does not alter any current claim exemptions, but simply strengthens and clarifies the exemptions.

CS HB287 (FIN)

“An Act relating to the exemption of commercial fishing entry permits from claims of creditors and execution on an interest in a limited entry permit; and providing for a effective date.”

Major goal of the bill:

- Amend several statutes to make state laws more firm, clear and consistent on the point that commercial fishing entry permits are not property, and instead, constitute a “use privilege” that the legislature may change or revoke without compensation.

CSHB287 presents an important opportunity at a critical time:

- Hard times in Alaska’s salmon industry likely to push more fishermen into financial trouble
- The need to firm up what Alaska has always contended, that permits constitute a use privilege and not property, has never been greater
- A recent federal maritime case (Quality One) has heightened the need to firm up the legal status of limited entry permits. Federal legislation may be introduced soon in response to the ruling in that case to state clearly in federal law that the federal government shall honor the legal status bestowed upon fishing permits by the governmental entity issuing the permits. Thus clarity and consistency in state law will be more important and significant than ever. Passage of this bill will put Alaska in a much better position to fully benefit from such federal legislation.
- The provisions of CSHB287 are consistent with the positions the state has taken in the past with regard to the legal status of limited entry permits as a use privilege, including the state’s strong stand against efforts by creditors, such as the IRS, to seize Alaska limited entry permits.



THE FISHERMEN'S NEWS

Quality One
Case

Vol. 57, No. 5

The Voice of the Pacific Coast Fishing Fleet Since 1945

\$2.00

Own a Permit? Read this...

By Edward M. Keech

A federal appeals court in Boston has held that a maritime lien on a fishing boat extends to the boat's fishing permits. This decision increases the risks that owners of fishing permits face from the ordinary operations of fishing boats. This article describes the decision, illustrates how it affects the owners of fishing permits and discusses ways that owners of the permits might reduce the risks.

The Quality One Decision

On March 30, 2001, the First Circuit Court of Appeal decided *Gowen, Inc. v.*

F/V Quality One, No. 00-1898 (1st Cir., March 30, 2001). The court held that fishing permits were included as "appurtenances" of a fishing boat, and were subject to a maritime lien for necessities. The maritime lien execution sale, therefore, transferred ownership of the permits. The permits in question were owned by the owner of the boat, but the result would have been the same if the permits had been leased to the boat owner.

Although this decision seems wrong, there was already some suggestion from

Continued on page 3 Permit?

(Stevens) is looking at legislation that would federally firm up that the State issuing permits guidelines on how they view their own classification of permits i.e. property or not.

Permit?

Continued from front page

the Court of Appeals for the Ninth Circuit, whose decisions control on the West Coast, that fishing permits are appurtenances. *Bank of America v. F/V Penguin*, 175 F.3d 1109, 1119 (9th Cir.), cert. denied, 528 U.S. 872 (1999). In that case, the appeals court merely noted that the permits had been sold with the boat pursuant to a lien sale. There is no indication that the court actually considered whether the permits are appurtenances.

Problems Created

The *Quality One* decision creates two problems.

The first problem is straightforward. The financial risk of not paying suppliers may now be greater than anyone anticipated. This is true both for owner/operators and for those who lease their permits out to boat operators. The owner/captain has to worry that creditors may seize the permits as well as his boat.

The second problem affects permit owners who lease out their permits. The court in the *Quality One* noted rules from other cases that provides that a preferred ship mortgage does not extend to leased appurtenances, for example a fathometer

on lease, but liens for necessities, which include fuel, ice, repairs and insurance premiums, do extend to the leased appurtenances. This means that the mortgage does not cover leased permits, but other maritime liens do. As a result, a ship mortgage does not create a security interest in leased-out permits that will come ahead of lien claims for necessities.

A permit owner who wishes to lease out permits might think that the answer to these problems is to create a security interest in the permits and to record that security interest under state law. This, however, will not work. That state law security interest is not enforceable in a maritime lien foreclosure action. The permit owner will always be stuck with the problem that a preferred ship mortgage does not extend to the leased permits, while a state-law security interest is not enforceable in a maritime lien foreclosure action.

Nor would it necessarily help to cross-default the mortgage and the lease of the permits. No matter how much debt, or what kind of debt is secured by the ship mortgage, the mortgage lien does not extend to the permits, and the proceeds their sale will not flow to the mortgagee. The suppliers can, therefore, always benefit by auctioning off the boat and the permits.

Petersburg Vessel Owners Association

P.O. Box 232
Petersburg, Alaska 99833
Phone (907) 772-9323 Fax (907) 772-4495

March 8, 2002

Representative Mulder
Representative Williams
Co-Chairs
House Finance Committee
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

RE: Support HB 287 Exempt Entry Permits From Claims of Creditors

Petersburg Vessel Owners Association is a group of commercial fishermen who participate in a variety of fisheries statewide. Income from commercial fishing is very important to our community and to the Alaskan economy. We support this legislation to clarify the state's position that limited entry permits are access privileges, not property, and cannot be seized by creditors.

We believe that an individual's limited entry permit is his or her livelihood. If we allow permits to be seized by creditors, fishermen in debt will be unable to make a living. They will be incapable of repaying their debts or supporting themselves and their families. We feel that the language in this bill, clearly stating that entry permits cannot be seized, is essential to protect commercial fishermen, their way of life, and their ability to weather hard times.

We also support the removal of the mandatory one-half percent refinancing fee. Many fishermen have seen dramatic drops in the value of their permits and their gross revenues from fishing. Allowing refinancing at lower interest rates without additional charges and fees will allow a greater percentage of these fishermen to remain financially stable and repay the loans granted to them by the Division of Investments.

We appreciate your consideration of these comments and hope you will support this bill. If we can assist you in any way, please feel free to contact us.

Respectfully,



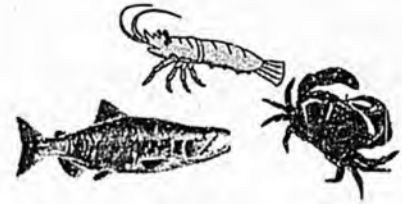
Cora Crome
Director

Cc: Representative Scalzi, Representative Wilson

SUPPORT LETTER

Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway
Juneau, AK 99801



Phone 907-586-6652

Fax 907-586-5648

E-mail: seafa@gci.net

May 7, 2002

Alaska State Legislature
Senate Resource Committee
Senator John Torgerson, Chair
State Capitol, Room 427
Juneau, AK 99801-1182

Senator John Torgerson, Chair Senate Resource

RE: HB 287 -- Support

The Southeast Alaska Fishermen's Alliance supports HB 287. We appreciate Representative Scalzi working with the Commercial Fishing Entry Commission on this legislation to help protect limited entry permits from claims of creditors. This is important protection for the fishing industry especially during the tough times as we are currently struggling through. While changes to this legislation have diluted some of the good that this bill would have originally provided by extending the loan program for tax obligations and stronger language stating that a limited entry permit is a use privilege and not a property right, this legislation still provides additional protection that is necessary.

We hope you will support this legislation and move it out of committee.

Thank you,

Kathy Hansen
Executive Director

HB

288

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 288
 (H) Publish Date: 2/6/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Fish & Game
 Title Commercial fisheries entry permit buy-back BRU Comm Fish Entry Commission
programs Component Comm Fish Entry Commission
 Sponsor Rep. Scalzi
 Requester House Fish Component No. 471

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact

Prepared by: Roger Kolden Phone 790-6950
 Division Commercial Fisheries Entry Commission Date/Time 2/1/02 9:08 AM
 Approved by: Mary McDowell, Commissioner Date 02/01/2002
 Agency Commercial Fisheries Entry Commission

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: C:SHB 288(FIN)
 (H) Publish Date: 3/6/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Limited Entry Buy-Back Program BRU Revenue Operations
 Component Treasury
 Sponsor Representative Scalzi
 Requester House Finance Component No. 121

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1066 Public School Trust						
1098 Children's Trust						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

As long as the fund set up to hold the permit buy-back assessments is invested in the General Fund and Other Non-Segregated Investments (GeFONSI) Fund, there will be no charges from Treasury. If the fund is to be managed separately, there would be actual and allocated costs from Treasury. The amounts depend in part on the balance in the fund. Currently, we are assuming that it will NOT have to be invested separately, so we would have no additional costs.

If the fund is to keep the investment income earned on the balance, the bill should clearly state that.

Prepared by: Betty Martin, Comptroller Phone 907-465-2352
 Division: Treasury Division Date/Time 3/5/02 9:44 AM
 Approved by: Larry Persily, Deputy Commissioner Date 03/05/2002
 Agency: Department of Revenue

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSHB 288(FIN)
 (H) Publish Date: 3/6/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Limited Entry Buy-Back Program BRU Revenue Operations
 Component Tax Division
 Sponsor Rep. Scalzi
 Requester House Finance Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	*	*	*	*	*	*

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time	*	*	*	*	*	*
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

* See second page for explanation of possible costs to administer the assessment program in this legislation.

Prepared by: Chuck Harlamert, Revenue Audit Supervisor Phone 465-4773
 Division Tax Division Date/Time 3/5/02 9:22 AM
 Approved by: Larry Persily, Deputy Commissioner Date 03/05/2002
 Agency Department of Revenue

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

BILL NO. CSHB 288(FIN) - FN#3

ANALYSIS CONTINUATION

Bill Analysis

The bill provides for the establishment of permit buy-back assessments at the discretion of the Alaska Commercial Fisheries Entry Commission. The assessment applies to permit holders of the specified fishery and may not exceed 7% of the value determined for fisheries business tax purposes. The buyer or exporter must withhold and remit the assessment on a monthly return and file a summary report by March 1 of the following calendar year.

It is possible that the enforcement and collection provisions of AS 43.05 and AS 43.10, which apply to taxes under AS 43, may not apply to the assessments. We recommend that the bill be modified to add a new subsection AS 43.76.230(e):

(e) The provisions of AS 43.05 and AS 43.10 apply to the enforcement and collection of a permit buy-back assessment under AS 43.76.220 – 43.76.240.

The bill does not contain provisions governing the effective date of permit buy-back assessments. We recommend that the assessments be declared on a calendar year basis and initiated on January 1. We also suggest that a minimum notice period be established in order to allow affected buyers, fishers and the division to prepare for an assessment.

Administrative Costs

We are unable to provide precise estimates of administrative resources necessary to administer the assessments under this legislation. These costs are dependent on the number and complexity of permit buy-back assessments that may be established under CSHB 288. Salmon fisheries with few catcher-processors represent very little additional work for the division. In contrast, other fisheries and salmon fisheries with significant catcher-processor participation may require a significantly higher level of staff resources to administer the assessment program. The division needs to know both the number and identity of designated fisheries in order to project our administrative costs.



Official Business

Alaska State Legislature

REPRESENTATIVE DREW SCALZI

State Capitol

Juneau, Alaska 99801-1182

(907) 465-2689; (800) 665-2689

FAX: (907) 465-3472

Representative_Drew_Scalzi@legis.state.ak.us

Sponsor Statement

HB288: "An Act relating to commercial fisheries limited entry permit buy-back programs."

Efficiencies in commercial fishery harvest practices have increased since the inception of the limited entry program. Arguably more permits were originally issued than necessary to effectively harvest the resource for sustained yield in some areas. Alaska presently has approximately 12,000 commercial fishing permits, with about three-fourths of those owned by Alaskans. The limited entry program instituted in the early 1970s worked well for those times; however, with low prices and an excess of harvesters, it is apparent that what worked thirty years ago is splitting the pie into minute portions today.

With the advent of foreign-farmed fish, members from the Alaska commercial fishing industry are now looking at ways to consolidate efforts, maximize efficiencies, and promote better quality. One such method of consolidation is a buy-back or buy-down program that allows establishment of permit buy-back funds and assessments.

The bill sets forth the procedures for a buy-back program, ensures monies appropriated from assessments do not lapse and allows purchase of transferable entry permits in a buy-back program, terminating the program when the optimum number is obtained. The buy-back process mirrors the hatchery and ASMI tax collection procedures by the Dept. of Revenue.

The provision currently in statute allowing for a buy-back, requires purchase of the fishing vessel, skiff, nets, and related equipment involved in an individual's fishing operation as well as the permit. This last requirement can be cumbersome, costly, and an inherent disincentive to effectively promote a desired buy-back plan. This bill would allow for a buy-back plan that would incorporate the purchase of *permits only*, thus making it easier to clarify the costs associated with implementing such a plan.

In no way does this legislation imply or change in existing statute the status of voluntary participation in any such buy-back.

SECTIONAL ANALYSIS – CSHB288(FIN)
22-LS1108\S

Section 1. This is current law. It maintains the status quo that allows a permit to be inherited upon the death of a holder. The change here simply makes the section consistent with the other elements of the measure.

Section 2. This is a new section that would allow transferable, nontransferable or interim-use permit holders to voluntarily relinquish the permit to the commission. Once the permit is relinquished to the commission, it no longer exists. It is an important aspect for fleet reduction.

Section 3. This is current law. The changes in this section make it consistent with the rest of the measure.

Section 4. This section makes the language consistent with the rest of the measure.

Section 5. Allows for the establishment of buy-back funds and permit buy-back assessments.

Sets forth the procedures for a buy-back program.

Ensures monies appropriated to the buy-back fund do not lapse.

Section 6. Allows the purchase of transferable entry permits in a buy-back program. It terminates the program when the "optimum" number is obtained.

Section 7. Changes the "optimum number" definition to include a range of numbers rather than one fixed number as "the" optimum number. This change makes the buy-back process more rational.

Section 8. Creates the revenue flow for the collection of a buy-back assessment.

The process mirrors the hatchery and ASMI tax, is collected monthly from buyers by the Department of Revenue, and is accounted for separately.

The legislature may appropriate revenue generated under a buy-back assessment to accomplish the purposes of a particular fishery's buy-back plan.

Section 9. This portion of the statute became unnecessary because of changes in the rest of the measure.

Sec. Anlys.-Expln.

Changes CS HB 288 (RES) would make to current limited entry permit buyback law:

- Bill removes requirement that a state buyback program must be implemented after determination that optimum number is lower than number of permits currently in fishery.
Makes optimum number determination feasible without triggering a state buyback, thus allowing pursuit of some other remedy, such as an industry-funded and run fleet consolidation program, use of a federal buyback program, etc.

If any form of permit reduction is sought, fishermen will want to go in with some confidence that lower number of permits is likely to be defensible if later faced with legal challenge on question of whether fishery has become "too exclusive."

- Eliminates requirement that a buyback program buy out vessels and gear as well as permits.
- Eliminates "dedicated fund" constitutional problem that exists in the funding mechanism in current law whereby funds generated by an assessment on fishermen would go directly into a buyback fund (as opposed to assessments going to general fund where legislature would have discretion as to appropriating it for buyback or not).

In fact, HB288 eliminates assessment provision entirely and is silent about actual source of funding for buyback. Says only that CFEC shall go to the legislature to request funding.

Request could be for direct appropriation, or proposed legislation to create assessment of fishermen to fund buyback, or legislation proposing some other funding mechanism.

Premise is that a fleet consolidation program, to be effective, must be "customized" to best meet the character, circumstances, and needs of each individual fishery that may be the subject of such an effort.

- Makes only transferable permits eligible for buyback. (Current law has provision for buying out nontransferable permits if sufficient funds are available in the buyback fund.)
 - Addition of sections 1, 3, 4, and 7 are just to make other sections of limited entry law consistent with this change to 16.43.320.
- Current law sets deadline of 10 years for getting number of permits in the fishery down to optimum level. HB 288 removes that provision and sets no specific timeline for completion of buyback.
- Section 2 of the CS adds specific language making it clear that the holder of a permit may voluntarily relinquish their permit (whether under a fleet consolidation or for any other reason).
- CS adds a definition of "optimum number" to the definitions section of the Limited Entry Act., Ability to set an optimum number range, rather than one number, will make the optimum number process more meaningful and less subject to challenge.

- Dept. of Revenue shall then collect the assessment from fish sales by fishermen and deposit in state treasury.
- Legislature may appropriate money collected from the assessment, and any interest it has accrued while in the treasury, to the buyback fund for which it was collected.
- CFEC expends the money in the fund to buy permits until the optimum number is reached.

(Note: Bill does not preclude using alternative methods of capitalizing a buyback fund, such as direct appropriation of funds from some other source, pass-through of federal funds, etc. Allows flexibility to determine best funding mechanism for a particular fishery. Recognizes that a fleet consolidation program, to be effective, must be “customized” to best meet the character, circumstances, and needs of the specific fishery.

- Section 5 makes only transferable permits eligible for buyback. Current law has provision for buying out nontransferable permits if sufficient funds are available in the buyback fund. (Sections 1, 3, 4, and 9 are just to make other sections of limited entry law consistent with this change to 16.43.320.)
- Current law sets deadline of 10 years for getting number of permits in the fishery down to optimum level. HB 288 removes that provision and sets no specific timeline for completion of buyback.
- Section 2 adds specific language making it clear that the holder of a permit may voluntarily relinquish their permit (whether under a fleet consolidation or for any other reason).
- Section 7 adds definition of “optimum number” to the definitions section of the Limited Entry Act. Ability to set an optimum number range, rather than one number, will make the optimum number process more meaningful and less subject to challenge.

HOW DOES CSHB288(FIN) REFLECT THE
EXPRESSED WILL OF THE HOUSE FINANCE
COMMITTEE?
22-LS1108\S

1. HB 288 provides for the establishment of a buy-back **fund** when the optimum number of entry permits is less than the number of entry permits outstanding in a fishery. *Section 5*
2. HB 288 provides for the establishment of a buy-back **plan**. *Section 5*
3. HB 288 provides for the establishment of a buy-back **assessment and program** for fisheries that are proceeding with a buy-back plan. *Section 5*
 - The assessment may not exceed 7% of the ex-vessel (first wholesale) value of the fishery resource and is paid by the commercial fishermen.
 - Delineates the collection and appropriation process for the assessment; and, ensures the commission expends the monies for the plan's intended purpose.
4. Under HB 288, when a permit is "bought back," the permit no longer exists. *Section 6*
5. HB 288 provides the same revenue flow as the hatchery and ASMI tax that commercial fishermen currently pay. *Section 8*

Petersburg Vessel Owners Association

P.O. Box 232
Petersburg, Alaska 99833
Phone (907) 772-9323 Fax (907) 772-4495

March 5, 2002

Representative Bill Williams
Representative Eldon Mulder
Co-Chairs
House Finance Committee
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Re: Support for HB 288 Limited Entry Buy-Back Program

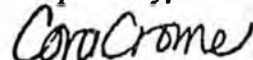
Dear Co-Chairs,

Petersburg Vessel Owners Association is a group of commercial fishermen who participate in a variety of fisheries statewide. Market conditions, competition from farmed fish, and overcapitalization have all contributed to the current problems in our fisheries. Many fishermen statewide are weighing options for the future of their industry. It is clear that one important option is the ability to buy back a number of permits to return the remaining permit holders to profitability. However, the existing statutory language makes a buyback very cumbersome. Specifically, it requires that anyone selling out be compensated for permits, vessels, and gear. This makes financing a buyback very difficult. In addition, the language requires that if an optimum number study is done, it can automatically trigger a buyback. This may result in interested fleets being unwilling to request such a study.

Therefore, we support the passage of this bill to clean up existing statutory language that impedes effective and timely implementation of a limited entry permit buyback program. We feel that the new language will make the state-run buyback program a viable tool for the commercial fishing industry and will assist commercial fishermen in improving their fisheries for the future.

We appreciate your consideration of these comments and hope you will support this bill. If you have any questions about our position or if you need additional information, please feel free to contact us.

Respectfully,



Cora Crome
Director

Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway
Juneau, AK 99801



Phone 907-586-6652

Fax 907-586-5648

E-mail: seafa@gci.net

February 13, 2002

Representative Drew Scalzi, Chair
House Resources
Alaska State Legislature
State Capitol Room 124
Juneau, AK 99801

RE: HB 288

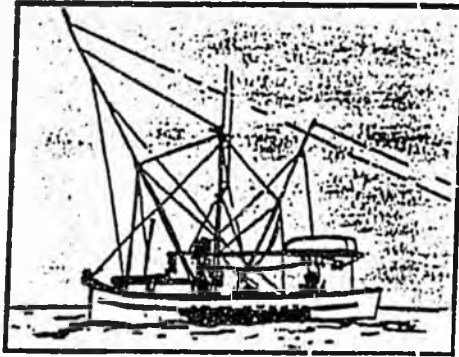
The Southeast Alaska Fishermen's Alliance supports HB 288. This is simple legislation that cleans up the statutes so that a fleet interested in buyback could at least consider and move forward on a program. Currently a fleet that is interested in a buy back program comes against the flaws in the present statute and feels too overwhelmed to proceed forward. It makes good sense for the State of Alaska to clean up and simplify statutes when there are inherent flaws such as the use of designated funds.

This legislation also makes two simple changes that our association favors: the ability to purchase permits only but does not prevent a fleet from designing a program with CFEC to purchase permits, boats and gear and more importantly we support the change that allows a optimum number study to be conducted by CFEC but does not require the fleet to move forward into a buy back program even if the number of permits in the fleet is more than the optimum number.

The Southeast Alaska Fishermen's Alliance was speaking to many members of the Legislature last year about this issue and the need to make corrections to the limited entry buy back program. We are pleased that the legislature is moving forward on this issue and would like to thank Rep. Scalzi for introducing this legislation.

Sincerely,

Kathy Hansen



Alaska Trollers Association

130 Seward St., No. 505
Juneau, Alaska 99801
(907) 586-9400
(907) 586-4473 Fax

February 13, 2002

Representative Beverly Masek, Co-Chair
Representative Drew Scalzi, Co-Chair
House Resources Committee
Alaska State Legislature
Juneau, AK 99811

Dear Representatives:

The Alaska Trollers Association supports HB 288 relating to commercial fisheries limited entry permit buy-back programs. ATA believes this legislation is necessary to provide the appropriate tool for those fleets who believe buyback is a viable option.

We ask for your support of HB 288.

Respectfully,

A handwritten signature in cursive script that reads "Dale Kelley".

Dale Kelley
Executive Director



United Southeast Alaska Gillnetters
 PO Box 22427
 Juneau, Alaska 99802
 (907) 586-5860 Fax (907) 586-0167
 E-mail: usag@gci.net

February 6, 2002

Representative Peggy Wilson
 Representative Gary Stevens
 Co-Chairs
 House Special Committee on Fisheries
 Alaska State Legislature
 State Capitol (MS 3100)
 Juneau, AK 99801-1182

Dear Co-Chairs,

Re: HB 288 Limited Entry Buy-Back Program

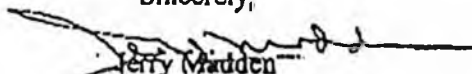
United Southeast Alaska Gillnetters (USAG) supports passage of this bill to clean up existing statutory language that impedes effective and timely implementation of a limited entry permit buyback program, should it become necessary

Specifically, we support language that allows for an optimum numbers study to be completed without automatically triggering a buyback. We believe that it is prudent to conduct the optimum study and they allow the permit holders to assess their options before they move ahead with a state buyback. A second issue of concern is that a better mechanism is needed to ensure that funds provide by fishermen for the buyback are used specifically for that purpose.

The 100 plus members of USAG urge your support in passing this bill.

If you have any questions about our position or if you need additional information, please feel free to contact me.

Sincerely,


 Jerry Madden
 Executive Director



UNITED FISHERMEN OF ALASKA

February 4, 2002

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

Representative Peggy Wilson
Representative Gary Stevens
Co-Chairs
House Special Committee on Fisheries
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Dear Co-Chairs,

Re: HB 288 Limited Entry Buy-Back Program

United Fishermen of Alaska supports passage of this bill to clean up existing statutory language that impedes effective and timely implementation of a limited entry permit buyback program, should it become necessary

Specifically, we support language that allows for an optimum numbers study to be completed without automatically triggering a buyback. We believe that it is prudent to conduct the optimum study and they allow the permit holders to assess their options before they move ahead with a state buyback. A second issue of concern, is that a better mechanism is needed to ensure that funds provide by fishermen for the buyback are used specifically for that purpose.

The twenty-nine members groups of UFA would appreciate your support in passing this bill.

If you have any questions about our position or if you need additional information, please feel free to contact me.

Sincerely,

Thomas M. Gemmell
Executive Director

MEMBER ORGANIZATIONS

Alaska Longline Fishermen's Association • Alaska Trollers Association • At-sea Processors Association • Bristol Bay Reserve
Chignik Regional Aquaculture Association • Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association
Copper River Salmon Producers Association • Cordova District Fishermen United • Douglas Island Pink and Chum
Konal Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • Kodiak Selnors Association • North Pacific Fisheries Association
Northern Southeast Regional Aquaculture Association • Old Harbor Fisherman's Association • Petersburg Vessel Owners Association
Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association • Sealood Producers Cooperative
Southeast Alaska Selnors Association • Southern Southeast Regional Aquaculture Association
United Cook Inlet Drift Association • United Salmon Association • United Southeast Alaska Gillnetters

Cordova District Fishermen United
Celebrating 65 Years of Service to Commercial Fishermen United, Alaska
P.O. Box 939 Cordova, Alaska 99574 / phone (907) 424-3447 / fax (907) 424-3430 /
e-mail cdfu@ptialaska.net

February 9, 2002

House Resources Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

SENT VIA FACSIMILE TO 907.465.3472

RE: CS for HB 288 - CFEC Buyback

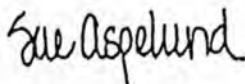
Dear Members,

Cordova District Fishermen United, representing the fishing fleets of Area E—Prince William Sound and the Copper River—strongly supports HB 288. The existing buyback statute is inefficient, inflexible and needs to be cleaned up for consistency with other State law. HB 288 accomplishes that.

Given the volatility of the salmon industry at present, harvesters need maximum flexibility in order to successfully respond to our changing needs. HB 288 makes several important changes to existing law: 1) It makes buyback optional, rather than mandatory following an optimum number study that finds a number lower than that in the existing fishery; 2) It doesn't require purchase of all associated fishing boats, gear, etc.; and 3) removes the mandatory 7% assessment which is illegal under other existing law.

We support this legislation and urge your positive consideration.

Sincerely,



Sue Aspelund
Executive Director



adn.com

Anchorage Daily News

Bill to expedite fishing permit buybacks clears House

AID: Lawmakers pass measure to lend efficiency in salmon industry.

By Cathy Brown

The Associated Press

(Published: March 21, 2002)

Juneau -- A bill aimed at making it easier to buy back commercial fishing permits cleared the House on Wednesday.

Rep. Drew Scalzi, R-Homer, proposed the measure as a tool to improve efficiency in Alaska's troubled salmon fishing industry.

"Mainly what it does is it allows the commercial fishermen to create a buyback program and pay for it themselves," Scalzi said.

Alaska's commercial salmon fishermen have found it increasingly difficult to stay afloat financially, partly because of competition from farmed salmon.

House Bill 288 is intended as a potential tool to reduce the number of fishermen chasing salmon in Alaska, so those who remain stand a better chance of making money and delivering a quality product to the market.

The bill doesn't set up a buyback program, but it fixes problems in the state's buyback law so it could be used if needed, said Mary McDowell of the Commercial Fisheries Entry Commission.

"It's a statute that's been broken since it was enacted, but it just hasn't been a front-burner issue because nobody's been interested in using that statute before," McDowell said. "We need to have a mechanism in place in case we really do need to do this."

House Bill 288 changes the law to allow a buyback program to purchase only a fisherman's limited entry permit. Current law requires purchase of not only the permit, but also a fisherman's boat and gear.

That change would make a program less cumbersome and expensive, Scalzi said.

The measure allows a buyback to be paid for through a tax on fishermen who remain in the fishery after others were bought out. That's the same as existing law.

But the bill removes language on the handling of those tax revenues that conflicts with the state constitution's prohibition against dedicating funds for a particular purpose.

The measure leaves open the option that other sources besides a tax could pay for a buyback, such as federal funding, McDowell said.

The bill also lets the entry commission do a study of the optimum number of permits for a fishery without being locked into buying back permits if the study shows too many permits are out in the fishery.

Current law mandates a state-run buyback program if a study shows too many fishermen are chasing the fish, McDowell said.

The change would provide flexibility if fishermen wanted to look at alternatives to a state-run buyback, McDowell said.

The state recently started a study of the optimum number of limited entry permits for the Bristol Bay drift gillnet fishery, McDowell said. If it passes, House Bill 288 could guide what happens when that study is finished.

Rep. Eldon Mulder, R-Anchorage, said he supported the bill because a buyback would be a "self-funded effort," and fishermen would not be looking to state coffers to pay for the program.

Close Window

Copyright © 2002 The Anchorage Daily News (www.adn.com).

Cordova District Fishermen United

Celebrating 65 Years of Service to Commercial Fishermen in Cordova, Alaska
P.O. Box 939 Cordova, Alaska 99574 / phone (907) 424-3447 / fax (907) 424-3430 /
e-mail cdfu@ptialaska.net

April 5, 2002

Senate Resources Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

SENT VIA FACSIMILE TO 907.465.4779

RE: CS for HB 288 - CFEC Buyback

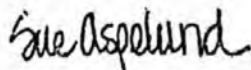
Dear Members,

Cordova District Fishermen United, representing the fishing fleets of Area E-- Prince William Sound and the Copper River--strongly supports HB 288. The existing buyback statute is inefficient, inflexible and needs to be cleaned up for consistency with other State law. HB 288 accomplishes that.

Given the volatility of the salmon industry at present, harvesters need maximum flexibility in order to successfully respond to our changing needs. HB 288 makes several important changes to existing law: 1) it makes buyback optional, rather than mandatory following an optimum number study that finds a number lower than that in the existing fishery; 2) it doesn't require purchase of all associated fishing boats, gear, etc.; and 3) removes the mandatory 7% assessment which is illegal under other existing law. We also support the "range" concept for the optimum number study, given that our fisheries resources and price points are so variable from season to season.

We support this legislation and urge your positive consideration.

Sincerely,



Sue Aspelund
Executive Director



UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

April 8, 2002

Senator John Torgerson
Chair
Senate Resources Committee
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Dear Senator Torgerson,

Re: HB 288 Limited Entry Buy-Back Program

United Fishermen of Alaska supports passage of this bill to clean up existing statutory language that impedes effective and timely implementation of a limited entry permit buyback program, should it become necessary

Specifically, we support language that allows for an optimum numbers study to be completed without automatically triggering a buyback. We believe that it is prudent to conduct the optimum study and they allow the permit holders to assess their options before they move ahead with a state buyback. A second issue of concern is that a better mechanism is needed to ensure that funds provided by fishermen for the buyback are used specifically for that purpose.

The twenty-nine members groups of UFA would appreciate your support in passing this bill.

If you have any questions about our position or if you need additional information, please feel free to contact me.

Sincerely,

Thomas M. Gemmell
Executive Director

MEMBER ORGANIZATIONS

Alaska Longline Fishermen's Association • Alaska Trollers Association • At-Sea Processors Association • Bristol Bay Reserve
Chignik Regional Aquaculture Association • Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association
Copper River Salmon Producers Association • Cordova District Fishermen United • Douglas Island Pink and Chum
Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • Kodiak Seiners Association • North Pacific Fisheries Association
Northern Southeast Regional Aquaculture Association • Old Harbor Fisherman's Association • Petersburg Vessel Owners Association
Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association • Seafood Producers Cooperative
Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
United Cook Inlet Drift Association • United Salmon Association • United Southeast Alaska Gillnetters