

## **II. TRANSFER INCIDENCE**



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### Statewide Turnover Rates

During the period 1975-2008, 16,427 permanent limited entry permits were issued in 65 limited entry fisheries. However, not all of these permits were available for transfer. AS 16.43.250 requires that CFEC develop hardship ranking systems (“point systems”) to allocate permits, and to determine point levels at which a person would experience only minor economic hardship if excluded from an initial permit allocation. Permanent permits issued to persons classified at minor economic hardship levels are nontransferable.

A total of 14,131 transferable permits and 2,296 nontransferable permits have been issued. By the end of 2008 14,393 permits remain, 13,573 transferable and 820 nontransferable. The net reduction of 558 transferable permits is due to the cancellation of 684 transferable permits and the net addition of 126 permits that were converted from nontransferable to transferable status through the CFEC adjudication process. The net reduction of 1,476 nontransferable permits is due to the cancellation of 1,350 nontransferable permits and the net conversion of 126 nontransferable permits to transferable status through the CFEC adjudication process.

During this same time span there were 34,170 permanent permit transfers. Original permit holders transferred 11,465 permits, indicating approximately 80% of all transferable permits had changed hands at least once by the end of 2008.

Two types of annual transfer rates are shown in Table 1. The first type is the ratio of the permits transferred for the first time (i.e., from initial issuees) to the number of transferable permits. This ratio would be expected to decline over time if no new permits were issued because each year there would be fewer permits still held by initial issuees. This transfer ratio has declined from 0.08 to 0.01 over the 1975-2008 time period. The average annual ratio of transfers from initial issuees to the sum of annual transferable permit counts is 0.03 for the entire time period.

The second type of annual transfer rate reported in Table 1 is the ratio of transfers to available transferable permits, which provides a measure of the annual turnover rate for transferable permits. This ratio varied between 0.06 and 0.13 over the 1975-2008 time period, and averaged 0.08 for all years combined. As can be seen in Table 1, this transfer ratio dropped in 1989 and has remained relatively low through 2008. The 0.06 ratio in 1999 and again in 2002 is the lowest turnover rate recorded in all years.

## **Turnover Ratios by Permit Type, 1975-2008**

In Table 2, permit types were divided into groups based upon the year(s) in which they were limited. A summary of transfer rates is provided for each group. The first group consists of the original 19 salmon permit types for which permanent permits were first issued in 1975. The second group consists of the 6 Arctic-Yukon-Kuskokwim (AYK) salmon permit types for which permanent permits were first issued in 1976. The remaining limited herring, roe herring, shellfish, dive and sablefish permit types are also grouped by years of limitation. These permit type groupings appear on tables throughout the report.

The sum of annual permit counts represent a summation of the number of transferable permits existing at the end of each year. These rates are comparable to the all-years statewide summary rates presented in Table 1.

Two measures of average annual transfer rates for individual permit types are shown in Table 2. The first transfer rate is calculated by dividing the cumulative total transfers from initial issues, 1975 to 2008, by the sum of annual transferable permit counts over the same period. The permit types limited in the most recent years have the highest rates of transfers from initial issues, but this rate is expected to decline over time because each year there will be fewer initial issues remaining in the permit type.

The second transfer rate is calculated by dividing all permanent transfers over the time period by the sum of annual transferable permit counts over the same period. For the second type of turnover rate (ratio of transfers to the sum of annual transferable permit counts), the transfer rates vary considerably by permit type. The transfer rates for about one-half of the permit types are 0.09 or greater when averaged across all years. Some of the permit types with lower annual average rates are all of the AYK salmon permit types, most of the Westward herring permit types, the Chignik salmon purse seine permit, the Goodnews Bay herring gillnet permit, the Cook Inlet Dungeness pot permit, and the Kodiak Tanner bairdi pot gear permit for vessels up to 120 feet.

The annual transfer rate within a permit type may vary considerably from year to year. This is demonstrated in Appendix B where the number of transferable permits, the number of transfers, and the transfer rates for each year are presented for individual permit types.

**TABLE 1. Statewide Transfer Data on Permanent Permits by Year, 1975 – 2008**

Year	Number of Permanent Permits*	Number of Transferable Permits**	Annual Number of Transfers From Initial Issues	Ratio of Transfers From Initial Issues to Transferable Permits	Total Annual Number of Transfers***	Ratio of Transfers to Transferable Permits
1975	6,762	6,762	568	0.08	590	0.09
1976	9,173	9,160	650	0.07	776	0.08
1977	9,772	9,710	780	0.08	1,108	0.11
1978	9,975	9,895	777	0.08	1,314	0.13
1979	10,104	10,016	557	0.06	1,209	0.12
1980	10,132	10,040	522	0.05	1,060	0.11
1981	10,204	10,112	505	0.05	1,092	0.11
1982	11,030	10,936	553	0.05	1,144	0.10
1983	12,488	10,965	566	0.05	1,211	0.11
1984	12,531	11,009	414	0.04	1,053	0.10
1985	12,509	11,173	387	0.03	1,111	0.10
1986	12,517	11,226	402	0.04	1,191	0.11
1987	12,492	11,253	305	0.03	1,120	0.10
1988	12,584	11,409	345	0.03	1,125	0.10
1989	12,655	11,495	276	0.02	914	0.08
1990	13,027	11,911	270	0.02	950	0.08
1991	13,066	12,000	260	0.02	929	0.08
1992	13,419	12,366	206	0.02	952	0.08
1993	13,423	12,429	216	0.02	854	0.07
1994	13,404	12,460	217	0.02	908	0.07
1995	13,357	12,461	232	0.02	1,010	0.08
1996	13,347	12,492	228	0.02	941	0.08
1997	13,639	12,798	262	0.02	961	0.08
1998	14,075	13,171	186	0.01	860	0.07
1999	14,291	13,321	172	0.01	814	0.06
2000	14,336	13,400	179	0.01	964	0.07
2001	14,802	13,708	256	0.02	958	0.07
2002	14,801	13,730	163	0.01	793	0.06
2003	14,654	13,660	183	0.01	942	0.07
2004	14,488	13,569	149	0.01	984	0.07
2005	14,536	13,653	178	0.01	1,142	0.08
2006	14,534	13,640	163	0.01	1,025	0.08
2007	14,473	13,611	165	0.01	1,082	0.08
2008	14,393	13,573	173	0.01	1,082	0.08

Years	Sum of Annual Transferable Permits	Total Transfers From Initial Issues	Ratio	Total Number of Transfers	Ratio
1975 - 2008	403,114	11,465	0.03	34,170	0.08

\* 2,184 permits have been cancelled. Except for 150 that were reinstated, these have been excluded from the year of cancellation forward.

\*\* 684 transferable permits have been cancelled and 126 transferable permits have been added through conversion from nontransferable to transferable status through the CFEC adjudication process

\*\*\* The number of transfers includes 334 loan foreclosures by the Department of Commerce, Community and Economic Development or by the Commercial Fishing and Agriculture Bank, and 321 subsequent transfers from these entities.

**TABLE 2. Transfer Ratios by Permit Type, 1975-2008, All Years Combined**

Permits First Issued in:	Sum of Annual Permit Counts* 1975-2008		Cumulative Number of Transfers from Initial Issues	Ratio of Transfers from Initial Issues to Sum of Annual Transferable Permit Counts	Cumulative Number of Transfers**	Ratio of Transfers to Sum of Annual Transferable Permit Counts
	Total Permanent	Total Transferable				
1975						
SE Salmon Seine	14,058	14,058	373	0.03	1,073	0.08
SE Salmon Drift Gillnet	15,889	15,889	435	0.03	1,726	0.11
Salmon Power Troll	32,153	32,153	907	0.03	2,763	0.09
Yakutat Salmon Setnet	5,604	5,604	153	0.03	556	0.10
PWS Salmon Seine	8,884	8,884	250	0.03	827	0.09
PWS Salmon Drift Gillnet	18,132	18,132	463	0.03	1,581	0.09
PWS Salmon Setnet	1,003	977	29	0.03	114	0.12
Cook Inlet Salmon Seine	2,688	2,688	81	0.03	242	0.09
Cook Inlet Salmon Drift	18,955	18,955	536	0.03	1,841	0.10
Cook Inlet Salmon Setnet	25,127	25,127	658	0.03	2,542	0.10
Kodiak Salmon Seine	12,814	12,814	341	0.03	1,136	0.09
Kodiak Salmon Beach Seine	1,107	1,058	30	0.03	132	0.12
Kodiak Salmon Setnet	6,304	6,304	172	0.03	859	0.14
Chignik Salmon Seine	3,058	3,058	70	0.02	163	0.05
Pen/Aleutian Salmon Seine	4,016	4,016	105	0.03	303	0.08
Pen/Aleutian Salmon Drift	5,379	5,379	155	0.03	549	0.10
Pen/Aleutian Salmon Setnet	3,765	3,765	110	0.03	440	0.12
Bristol Bay Salmon Drift	60,379	60,379	1,695	0.03	5,141	0.09
Bristol Bay Salmon Setnet	<u>32,525</u>	<u>29,654</u>	<u>824</u>	<u>0.03</u>	<u>3,081</u>	<u>0.10</u>
	271,840	268,894	7,387	0.03	25,069	0.09
1976						
Upper Yukon Salmon Gillnet	2,186	2,186	51	0.02	113	0.05
U Yukon Salmon Fish Wheel	4,540	4,540	123	0.03	269	0.06
Kuskokwim Salmon Gillnet	26,559	26,559	677	0.03	1,316	0.05
Kotzebue Salmon Gillnet	6,507	6,507	175	0.03	356	0.05
Lower Yukon Salmon Gillnet	23,059	23,059	551	0.02	1,181	0.05
Norton Sound Salmon Gillnet	<u>6,179</u>	<u>6,179</u>	<u>166</u>	<u>0.03</u>	<u>358</u>	<u>0.06</u>
	69,030	69,030	1,743	0.03	3,593	0.05
1977-78						
SE Roe Herring Seine	1,405	1,405	40	0.03	84	0.06
SE Herring Gillnet	2,818	2,818	86	0.03	277	0.10
PWS Roe Herring Seine	3,224	3,224	78	0.02	192	0.06
Cook Inlet Herring Seine	<u>2,311</u>	<u>2,311</u>	<u>56</u>	<u>0.02</u>	<u>149</u>	<u>0.06</u>
	9,758	9,758	260	0.03	702	0.07
1980-87						
Salmon Hand Troll	40,682	20,467	682	0.03	2,330	0.11
NSEI Sablefish Longline	759	759	32	0.04	61	0.08
SSEI Sablefish Longline	91	91	6	0.07	16	0.18
SSEI Sablefish Pots	23	22	1	0.05	1	0.05
SE Red,Blue King Crab Pot	32	32	4	0.13	7	0.22
SE Red,Blue,Brn Kng Crb Pot	40	37	3	0.08	4	0.11
SE Brown King Crab Pot	57	48	4	0.08	8	0.17
SE Red,Blue King/Tanner Pot	186	186	11	0.06	14	0.08
SE Brown King/Tanner Pot	19	18	3	0.17	3	0.17
SE All King/Tanner Pot	336	334	19	0.06	26	0.08
SE Tanner Crab Pot	176	173	14	0.08	20	0.12
PWS Roe Herring Gillnet	648	648	20	0.03	39	0.06
PWS Her Spawn on Kelp Pound	2,686	2,686	82	0.03	140	0.05
Kodiak Roe Herring Seine	1,480	1,201	41	0.03	108	0.09
Kodiak Roe Herring Gillnet	2,053	1,809	70	0.04	177	0.10
Kodiak Roe Her Seine/Gill	<u>39</u>	<u>22</u>	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
	49,307	28,533	992	0.03	2,954	0.10

**TABLE 2. Transfer Ratios by Permit Type, 1975-2008, All Years Combined**

Permits First Issued in:	Sum of Annual Permit Counts* 1975-2008		Cumulative Number of Transfers from Initial Issues	Ratio of Transfers from Initial Issues to Sum of Annual Transferable Permit Counts	Cumulative Number of Transfers**	Ratio of Transfers to Sum of Annual Transferable Permit Counts
	Total Permanent	Total Transferable				
1988-91						
BBay Herring Spawn on Kelp	4,665	4,665	99	0.02	118	0.03
Norton Sd Her Beach Seine	63	63	1	0.02	1	0.02
Nelson Island Her Gillnet	2,413	2,413	49	0.02	63	0.03
Nunivak Island Her Gillnet	856	820	12	0.01	16	0.02
Lower Yukon Herring Gillnet	1,337	1,308	35	0.03	46	0.04
Norton Sd Herring Gillnet	<u>4,596</u>	<u>4,596</u>	<u>157</u>	<u>0.03</u>	<u>314</u>	<u>0.07</u>
	13,930	13,865	353	0.03	558	0.04
1997						
SE Dungeness Ring Net	72	0	0	0.00	0	0.00
SE Dungeness Dive	26	0	0	0.00	0	0.00
SE Dungeness 300 Pot	593	593	37	0.06	72	0.12
SE Dungeness 225 Pot	532	516	37	0.07	76	0.15
SE Dungeness 150 Pot	983	964	67	0.07	168	0.17
SE Dungeness 75 Pot	1,163	813	62	0.08	178	0.22
Cook Inlet Dunge Ring Net	6	0	0	0.00	0	0.00
Cook Inlet Dungeness Pot	<u>838</u>	<u>708</u>	<u>13</u>	<u>0.02</u>	<u>15</u>	<u>0.02</u>
	4,213	3,594	216	0.06	509	0.14
1998						
NSE Her Spawn on Kelp Pound	1,072	1,072	77	0.07	134	0.13
SSE Her Spawn on Kelp Pound	2,067	1,623	88	0.05	122	0.08
SE Shrimp Otter Trawl	6	0	0	0.00	0	0.00
SE Shrimp Beam Trawl	221	202	10	0.05	12	0.06
SE Shrimp Pot	2,980	1,665	95	0.06	157	0.09
PWS Sablefish Net Gear	11	11	0	0.00	0	0.00
PWS Sablefish Fixed 90ft	11	11	1	0.09	3	0.27
PWS Sablefish Fixed 60ft	17	17	2	0.12	4	0.24
PWS Sablefish Fixed 50ft	329	329	21	0.06	33	0.10
PWS Sablefish Fixed 35ft	<u>92</u>	<u>92</u>	<u>9</u>	<u>0.10</u>	<u>17</u>	<u>0.18</u>
	6,806	5,022	303	0.06	482	0.10
1999-2002						
SE Urchin Dive	667	665	52	0.08	85	0.13
SE Geoduck Dive	559	379	23	0.06	38	0.10
SE Cucumber Dive	2,730	1,238	73	0.06	108	0.09
Goodnews Bay Her Gillnet	1,398	1,381	24	0.02	26	0.02
Kodiak Fd/Bt Her Seine/Gill	35	35	1	0.03	1	0.03
Kodiak Fd/Bt Her Trawl 75ft	7	7	0	0.00	0	0.00
Kodiak Fd/Bt Her Trawl 70ft	7	7	0	0.00	0	0.00
Kodiak Fd/Bt Her Trawl 60ft	<u>14</u>	<u>14</u>	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
	5,417	3,726	173	0.05	258	0.07
2004						
Kodiak Tnr Bairdi Pot 120ft	144	144	3	0.02	5	0.03
Kodiak Tnr Bairdi Pot 60ft	<u>548</u>	<u>548</u>	<u>35</u>	<u>0.06</u>	<u>40</u>	<u>0.07</u>
	692	692	38	0.05	45	0.07

\* The sum of annual permit counts is the total number of permits at the end of each year, summed over the entire period.

\*\* The number of transfers includes 334 permit foreclosures and 321 subsequent transfers of these permits.

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