



Commercial Fisheries  
Entry Commission  
1999  
Annual Report





# STATE OF ALASKA • COMMERCIAL FISHERIES ENTRY COMMISSION

## 1999 ANNUAL REPORT

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Dear Governor, Legislators, and Fellow Alaskans:

Pursuant to AS 16.43.980, we are pleased to submit the Commercial Fisheries Entry Commission's 1999 Annual Report.

The Limited Entry Act was enacted by the Alaska Legislature in 1973, following a constitutional amendment by Alaska voters which authorized entry limitation. The Limited Entry Act created a system for limiting the number of participants in Alaska's commercial fisheries and established the Commercial Fisheries Entry Commission to implement and administer the program.

During 1999, the Commission adopted regulations limiting one fishery and held application periods for three recently limited fisheries, issued 40,000 licenses, reviewed over 1800 transfer requests, and issued 235 adjudicatory decisions. At various stages of adjudication, 540 cases were before the Commission as of the end of 1999. As in the past, the Commission generated approximately twice the cost of its operating budget from revenues it collected and paid into the state General Fund. Fishers have petitioned the Commission to limit more than 20 additional fisheries. The Commission is reviewing these fisheries and will develop proposals for public comment as required by the Limited Entry Act.

These are difficult economic times for many fishers, and the Commission continues to help fishers meet their economic challenges and protect their fishing privileges. We work closely with the Alaska Department of Fish and Game, the Alaska Department of Community and Economic Development, the Commercial Fishing and Agriculture Bank, Alaska Business Development Center, Child Support Enforcement Division, Division of Emergency Services, Small Business Administration, and Internal Revenue Service.

The Commission continues to work with the Legislature and Administration on various fisheries issues including legislation to provide the Commission with the moratorium and limitation tools needed to fulfill the purposes of the Limited Entry Act for Alaska's evolving fisheries.

We remain dedicated to our role in promoting conservation and sustained yield management of Alaska's fish resources and economic stability among fishers and those dependent upon them for a livelihood.

Sincerely,

COMMERCIAL FISHERIES ENTRY COMMISSION

Marlene Johnson, Commissioner

Mary McDowell, Commissioner

Bruce Twomley, Chairman



# OEO/ADA Compliance Statement

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# Commercial Fisheries Entry Commission

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## State of Alaska Governor

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Mary McDowell, Commissioner  
Bruce Twomley, Chairman

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1999 Annual Report

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Courtesy of the Alaska Seafood Marketing Institute

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# Introduction

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The commercial fishing industry is a major component of Alaska's Statewide economy and the economic backbone of Alaska's fishing communities. Alaska's seafood industry is the state's largest source of private sector jobs. The Commercial Fisheries Entry Commission plays an essential management role in developing and sustaining Alaska's billion dollar fishing industry.

In 1972 Alaskans voted to amend Article 8, Section 15, of Alaska's constitution to allow limited entry into commercial fisheries. With this new authority, the Alaska Legislature approved the Limited Entry Act in 1973. The Act created the limited entry program and established the Alaska Commercial Fisheries Entry Commission (Commission) as an exempt, independent, quasi-judicial agency to carry out the mandate of the people and Legislature.

The Commission was given the statutory responsibility to promote the conservation and sustained yield management of Alaska's fishery resources and the economic health and stability of the fishing industry by regulating entry into the state's commercial fisheries.

To meet these responsibilities, the Commission is organized into four sections: Adjudications, Research, Licensing, and Data Processing (see the chart: Organization by Agency Function, page 6).

The Commission engages in the following activities mandated by law (AS 16.43):

- Establishes maximum numbers of entry permits for fisheries to be limited and implements application processes and point systems to rank eligible applicants;
- Processes entry permit applications and adjudicates claims not resolved in initial classification;
- Issues permits in limited and unlimited fisheries, and issues licenses for all vessels as required to legally participate in the State's fisheries;
- Processes requests for emergency and permanent transfers of entry and interim-use permits and compiles data of all such transfers;

**ALASKA'S SEAFOOD  
INDUSTRY IS THE  
STATE'S LARGEST  
SOURCE OF PRIVATE  
SECTOR JOBS.**

- 
- Enforces provisions of the Limited Entry Act by regulating permit transfer activities;
  - Participates in the research and development of comprehensive fisheries economic data;
  - Works with other state and federal management agencies to develop and coordinate fisheries policies;
  - Assesses demerit points against a permit holder for convictions of violation of commercial fishing laws in the salmon fisheries; and
  - Issues vessel permits in fisheries under vessel moratoria.

Since 1973, the Commission has granted more than 14,000 limited entry permits as the result of limiting entry in 61 fisheries. The Commission has received petitions for the limitation of more than 20 additional fisheries.

The percentage of permits held by Alaska residents has remained relatively stable. Twenty-five years after enactment of Alaska's Limited Entry Act, approximately 78% (11,118 at the end of 1999) of all permits are held by Alaskans and more than half of that number are held by rural Alaskans.

**APPROXIMATELY 78%**  
**OF ALL PERMITS ARE**  
**HELD BY ALASKANS**  
**(11,118 AT THE END OF**  
**1999)**

The Commission issues nearly 40,000 permanent permits, interim-use permits, and vessel licenses each year, reviews more than 1,800 permit transfers per year and collects and deposits approximately five million dollars in revenue annually to the state's General Fund. The Commission's operating budget is about half of the revenues collected.

The economic challenges facing the salmon industry have generated discussion about potential cost efficiencies in the fisheries, including consideration of options for reducing fleet size. The Commission continues to participate in this ongoing discussion with the public and to provide data to assist and inform the exploration of ideas.

During 1999, the commissioners met with representatives of the IRS three times. In February, commissioners were briefed by the Pacific Northwest



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District Director of the IRS on changes resulting from the IRS Restructuring and Reform Act. The Commission has now observed two of these changes.

First, when the IRS serves a summons on the Commission requiring the state to provide a fisher's fish ticket data, IRS now serves a copy of the summons on the individual fisher as well, allowing the fisher the opportunity to protest the summons. The Commission no longer has to assume responsibility for copying the fisher as the Commission has done in the past. However, the Commission will continue to send to the affected fisher a copy of any information produced for the IRS as required by the summons.

Second, the IRS has appointed an Alaskan, Bernice Heyano of the Bristol Bay Economic Development Corporation, to one of its four national Citizens' Advisory Panels, where she now has the opportunity to present citizens' concerns to the highest levels of the IRS. For years, Ms. Heyano, from her office in Dillingham, has worked to help limited entry permit holders protect their fishing privileges. The IRS Citizens Advisory Panel is scheduled to meet in Juneau during 2000.

Additionally, commissioners met with the new Assistant District Director in August, and, again with IRS officials in November to discuss ongoing projects including development of data to show improved compliance among Alaska fishers in support of continuing outreach efforts, and writing a resource guide for the benefit of Alaska fishers seeking help with their federal tax obligations.

Finally, during 1999, there were two additional IRS-related developments. (1) The IRS did not attempt to force the sale of an Alaska limited entry permit during 1999. (2) Representative Mary Kapsner of Bethel introduced House Bill 238 to reauthorize the Tax Obligation Loan Program within the Commercial Fishing Revolving Loan Fund. In the past, the program provided some \$6 million in loans to help Alaska limited entry permit holders achieve compliance and protect their limited entry permits. Although the bill did not pass during 1999, the Alaska legislature has the opportunity to adopt this legislation during the 2000 session.

**ALASKA'S FISHING  
INDUSTRY IS VITAL TO  
THE STATE'S ECONOMY  
AND PROVIDES AN  
IMPORTANT FOOD  
SOURCE TO THE WORLD.**

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In addition to responding to these current and pressing issues, the Commission has continued to perform its primary functions of licensing fishers, adjudicating claims, performing critical research and providing data to people and agencies as needed to make policy decisions. Major decisions and activities affecting the Commission's operations in 1999 are outlined in this report. Prior years' activities, events, and decisions that affected the Commission's operations are highlighted in the appendices.

Alaska's fishing industry is vital to the state's economy and provides an important food source to the world. Alaskans must ensure our fisheries are sustained through sound management and wise commercial development. We at the Commission continue our commitment to fulfill our statutory role in achieving that goal.



Courtesy of the Alaska Seafood Marketing Institute



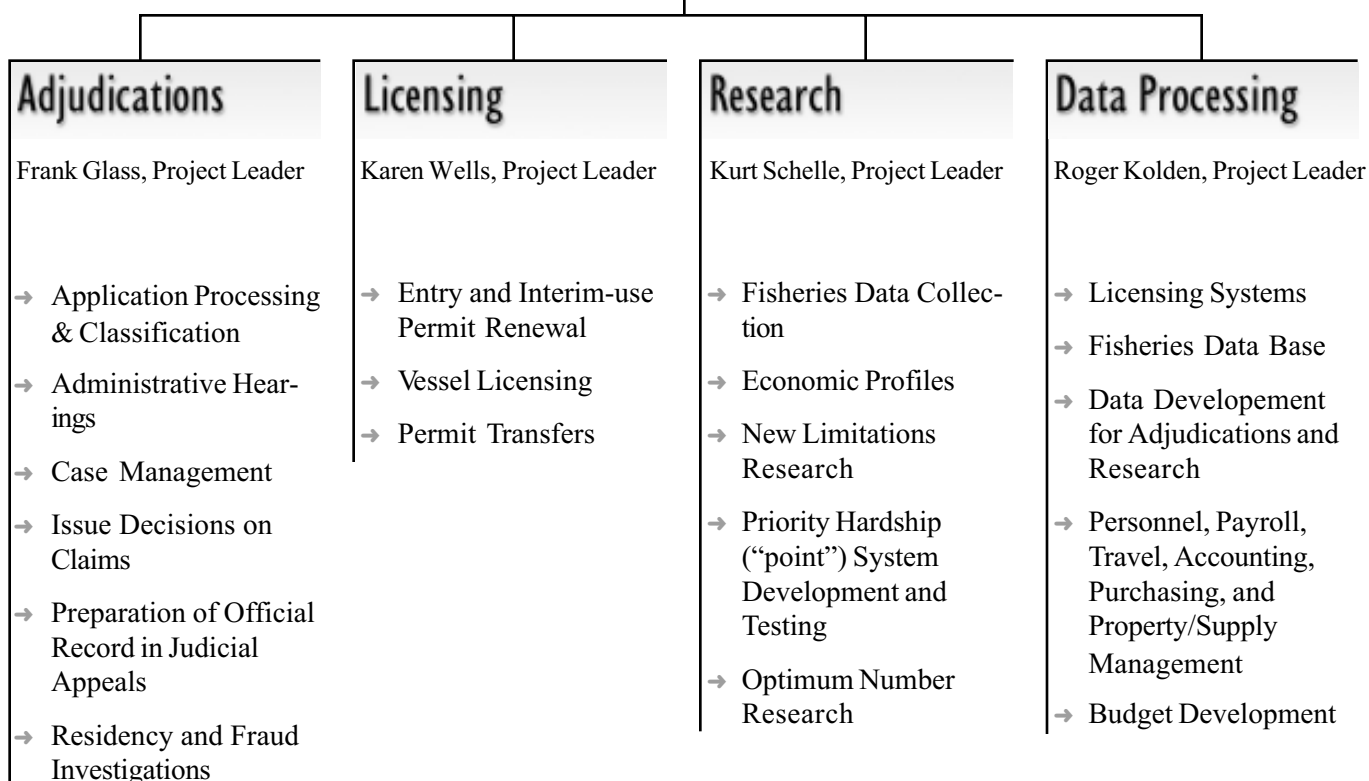
Courtesy of the Alaska Seafood Marketing Institute  
*Credit: Tony Lara*

# Organization by Agency Function

## Commercial Fisheries Entry Commission

### Commissioners

Marlene Johnson, Commissioner  
 Mary McDowell, Commissioner  
 Bruce Twomley, Chairman

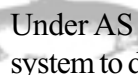


# Decisions and Activities

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## **APPLICATION PERIODS IN NEWLY LIMITED FISHERIES**

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Under AS 16.43, the Commission must develop and use a hardship ranking system to determine which of the eligible applicants will receive a limited entry permit in a newly limited fishery. This “point system” is necessary because the number of eligible applicants typically exceeds the maximum number established at the time of limitation.

Under the law, a point system must be based upon the two broad concepts of past participation in the fishery and economic dependence on the fishery. The statute directs the Commission to consider a number of different criteria when developing a point system for a fishery.

During 1999, the Commission held application periods and classified applicants for permanent entry permits under point systems for the following newly limited fisheries:

### **SOUTHEAST ALASKA SHRIMP BEAM AND OTTER TRAWL FISHERIES**

The Commission adopted final point system and application period regulations for both the Southeast shrimp beam trawl and otter trawl fisheries on April 16, 1998. The regulations became effective on July 17, 1998. The Commission then started an application period for entry permits in these fisheries that ran from October 15, 1998 through March 1, 1999. During 1999, the Commission received 65 applications for the Southeast Alaska shrimp beam trawl fishery and five applications for the Southeast Alaska shrimp otter trawl fishery. At the end of the year, the Commission had completed final adjudication of 48 of the shrimp beam trawl applications and three of the otter trawl applications. The maximum number of permits that will be issued for the Southeast Alaska shrimp beam trawl fishery is 41. The maximum number of permits that will be issued for the Southeast Alaska otter trawl fishery is six.

### **GOODNEWS BAY HERRING POINT SYSTEM**


The Commission adopted point system regulations for the Goodnews Bay herring gillnet fishery on October 1, 1998 and those regulations became effective on December 31, 1998. An application period for entry permits for the Goodnews Bay fishery ran from January 15, 1999 through November 15, 1999.

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During 1999, the Commission received 197 applications for the Goodnews Bay herring gillnet fishery. At the end of the year, the Commission had completed final adjudication of 158 of the applications. The maximum number of permits that will be issued for the Goodnews Bay herring gillnet fishery is 182.

## **DRAFT VESSEL PERMIT LEGISLATION**

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 In 1996, the Alaska Legislature passed CSHB538(2dFSH) establishing a temporary vessel moratorium on entry into the Bering Sea Korean hair crab fishery. Section 4 of that bill directed the Department of Law to work under the policy direction of the Commission to draft legislation establishing a vessel permit limited entry program that may be used for fisheries in which the current limited entry program under AS 16.43 will not effectively achieve the purposes of the chapter.

During 1998, the Department of Law and the Commission worked together to develop the requested draft legislation. As directed by CSHB538(2dFSH), the draft vessel permit law was submitted to the resource committees of the Alaska Senate and the Alaska House of Representatives in early 1999. The Senate Judiciary Committee, introduced the bill as SB143. The bill was assigned to the Senate Resources Committee but was not scheduled for a hearing during the 1999 legislative session.

The Bering Sea Korean hair crab fishery moratorium is due to expire on July 1, 2000. The fishery will return to open access unless a new restricted access program is implemented or the legislature extends the current moratorium. SB143 would provide the authority to develop a permanent restricted access solution for the Bering Sea Korean hair crab fishery and would provide the state with the flexibility needed to design other vessel permit programs in fisheries where such an approach would best meet the constitutional and statutory purposes of limited entry.

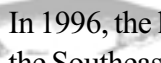
The Alaska weathervane scallop fishery is also under a temporary statutory vessel moratorium that is due to expire on July 1, 2001. SB 143, if enacted into law, could help the Commission develop a meaningful vessel limitation program for this fishery also.



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## **SOUTHEAST DIVE LIMITATION PROPOSALS AND GEODUCK LIMITED ENTRY**

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In 1996, the legislature passed a temporary four-year moratorium on entry into the Southeast Alaska dive fisheries for sea urchins, sea cucumbers, geoducks, and abalone. The legislation, HB 547, was incorporated into statute as AS 16.43.228. The legislation became effective on July 1, 1996 and will expire automatically on July 1, 2000.

The legislation mandated that the Commission consult with participants and the Department of Fish and Game during the moratorium to determine whether a permanent limited entry program under the existing law would be needed and to determine whether an alternative form of nontransferable limited entry program or other management program would be more appropriate for these fisheries.

During 1998, the commission's Research staff held a series of meetings in Southeast Alaska communities to discuss the status of the moratorium and future limited entry alternatives for these four SE dive fisheries. The dive fishery meetings were productive in establishing an active dialogue among divers about limited entry alternatives for these fisheries. This dialogue continued throughout 1999. However, no consensus emerged among divers as to the most appropriate action or the need for a different type of limited entry program. By mid-1999, the Commission began to consider their options for limiting one or more of these fisheries under the current limited entry statute.

On September 24, 1999 the Commission proposed to limit entry into the Southeast Alaska geoduck dive fishery and the Southeast Alaska sea urchin dive fishery. The Commission held public meetings in Ketchikan, Craig, Wrangell, Petersburg, Sitka, and Juneau. The public comment period extended through November 8, 1999. During the public comment period, the Commission received testimony that the sea cucumber fishery also needed to be limited and testimony that the abalone fishery should be limited.

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**THE COMMISSION  
ADOPTED REGULATIONS  
LIMITING ENTRY INTO  
THE SOUTHEAST  
ALASKA GEODUCK  
FISHERY**

On November 30, 1999 the Commission adopted regulations limiting entry into the Southeast Alaska geoduck fishery with a maximum number of 104, a qualification date of July 1, 1996, and an eligibility period of January 1, 1992 through July 1, 1996. The Commission adopted the regulations with an effective date of June 30, 2000. The Commission took no action on the Southeast Alaska sea urchin fishery limitation proposal and directed staff to develop proposals for the Southeast Alaska sea cucumber and abalone fisheries.

On December 28, 1999, the Commission proposed to limit the Southeast Alaska sea cucumber and abalone dive fisheries, reopened the public comment period for the proposal to limit the Southeast Alaska sea urchin fishery, and asked for public comment on the possibility of combining the abalone and sea urchin fisheries for limitation purposes. The deadline for public comments on the new proposals was established as February 25, 2000.



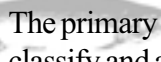
Courtesy of the Alaska Seafood  
Marketing Institute

# Adjudications

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## OVERVIEW

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The primary function of the Commission's Adjudications Section is to evaluate, classify and adjudicate applications for limited entry permits. Entry permit applicants are classified (ranked) in a system that measures each applicant's past participation and economic dependence on the fishery. Entry permits are then issued at successively lower classification levels until the established maximum number of permits has been issued for that fishery.

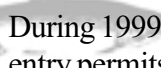
The Adjudications Section is staffed by two paralegals and five hearing officers. The paralegals evaluate entry permit applications and make the initial determination on accepting, denying and classifying them. An applicant may challenge the denial or classification of an entry permit application by requesting a hearing. Commission hearing officers conduct administrative hearings and issue decisions based on the record.

Hearings may be requested also if the Commission's Licensing Section denies requests for the emergency transfer or the permanent transfer of entry permits. Emergency transfer hearings are held and decided by paralegals. Permanent transfer hearings are held and decided by hearing officers. The Commissioners review each paralegal and hearing officer decision and may order further review on their own motion or upon the request of an affected party, and may subsequently modify or affirm the decisions.

Commission hearing officers also preside over hearings arising from enforcement (notice to show cause) proceedings, where the Commission may impose fines, or revoke or suspend the permits of those who attempt to mislead the Commission with false information. These hearings are held in the presence of the Commissioners.

## ADMINISTRATIVE PROCEEDINGS AND DECISIONS

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During 1999, the Adjudication Section evaluated and classified applications for entry permits in the Southeast Alaska shrimp trawl and the Goodnews Bay herring gill net fisheries. The Commission received 70 applications for shrimp trawl entry permits and 197 applications for Goodnews Bay herring permits.

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**THE COMMISSION'S WEB  
SITE NOW INCLUDES  
INFORMATION ABOUT THE  
NUMBERS OF LIMITED  
ENTRY PERMIT  
APPLICATIONS PENDING  
IN THE ADJUDICATION  
PROCESS**


The Adjudication Section's staff issued 108 decisions in 1999: 69 on entry permit applications, 33 on permit transfers, five renewal fee cases and one case on an applicant's qualifications for an interim-use permit in a fishery subject to a moratorium. At the end of the year, 323 cases were pending before hearing officers.

The Commissioners adjudicated a total of 127 cases during 1999: 80 permit applications, 41 permit transfers, five renewal fee cases and one moratorium case. At the end of the year, 217 cases were pending before the Commissioners.

The Commission's web site now includes information about the numbers of limited entry permit applications pending in the adjudication process for each fishery. The web site also has synopses of specific Commission decisions on entry permit applications.

## **JUDICIAL RULINGS AND APPEALS**

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 The Alaska Supreme Court did not issue any decisions on limited entry cases during 1999.

# Licensing

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## OVERVIEW

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The Commission's Licensing section, with five full time and three seasonal employees, is responsible for issuance of annual permits and vessel licenses required for participation in Alaska's commercial fisheries. The section strives to provide commercial fishers with renewal forms, permits, and licenses in a timely manner to avoid lost fishing time. Additionally, the Licensing section handles replacement of lost licenses, documentation of vessel ownership changes, salmon net area registrations, and issuance of emergency and permanent transfers.

The Licensing section serves as a major source of information and referrals to commercial fishers about laws and regulations affecting the fishing industry. Besides keeping up to date regarding licensing requirements and actions of the Commission itself, the Licensing staff maintains contacts with ADF&G, Division of Investments, National Marine Fisheries Service, and other agencies in order to keep track of changes in relevant laws and regulations. Some of these changes include actions by the Commission and the Legislature to bring fisheries under entry limitation or moratoria; implementation of new types of licensing mechanisms; adoption of regulatory changes by the Board of Fisheries; and actions by federal agencies to create or revise moratoria or restricted access programs such as License Limitation (LLP), Individual Fishing Quota (IFQ) and Community Development (CDQ) programs.

In addition to keeping up with additional licensing responsibilities associated with new regulatory developments, the Licensing staff must also respond to thousands of information requests annually with current, accurate information. In coordination with the Commission's data processing section, the Licensing section is continually streamlining procedures, automating processing wherever possible, and looking for innovative ways to efficiently meet the ever increasing demands.

The total number of permits and vessel licenses issued for 1999 decreased slightly from 1998. The decrease can be attributed to fisheries in which the annual licensing requirements have been waived due to fishery closures and to nontransferable permits being allowed to lapse by permit holders who choose to no longer renew them.

**THE LICENSING SECTION  
SERVES AS A MAJOR SOURCE  
OF INFORMATION AND  
REFERS TO COMMERCIAL  
FISHERS ABOUT LAWS AND  
REGULATIONS AFFECTING THE  
FISHING INDUSTRY.**

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## **NEW DEVELOPMENTS**

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### **SEASONAL COMMISSION STAFFING IN BRISTOL BAY DISCONTINUED**

As a result of budget cuts, in 1999 the Commission was no longer able to provide the seasonal onsite licensing assistance provided in Bristol Bay in past years. All fishers were advised to obtain permits and vessel licenses from the Commission's office in Juneau.

To assist fishers in dealing with the absence of the Commission staff in the Bay, the Bristol Bay Economic Development Corporation (BBEDC) generously provided their own staff and summer interns to help fishers get their licensing and transfer paperwork to the Juneau office expeditiously. With help of BBEDC and staff of ADF&G, licensing and transfer activity went smoothly.

## **DEMERIT POINTS**

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In 1998, the Alaska Legislature enacted a law, AS 16.43.850-16.43.895, which established a demerit point system for suspending commercial fishing privileges based on convictions of fishing violations in the salmon fisheries. Under this law, the Commission must suspend a salmon permit holder's commercial fishing privileges for a period of one to three years if certain threshold levels of demerit points are accumulated in a three year period.


Points are assessed against the permit holder for the fishery in which the violation occurred. If a permit has been emergency transferred and a violation occurs while the transferee is fishing the permit, any demerit points assessed for the violation are assessed against both the permit holder and the transferee. When a fisher is convicted of a fishing violation, the Alaska Court System notifies the Commission. The Commission then sends a letter to the fisher notifying him/her of the conviction and demerit point assessment.

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The Commission began assessing demerit points in 1998, in accordance with records of convictions supplied by the court system. By the end of 1999, the second year of the demerit system, most of the demerit points assessed have been in the Bristol Bay drift gillnet fishery, and one Bristol Bay permit has been suspended for the 2000 season.

## **NEW LIMITED ENTRY PERMITS**

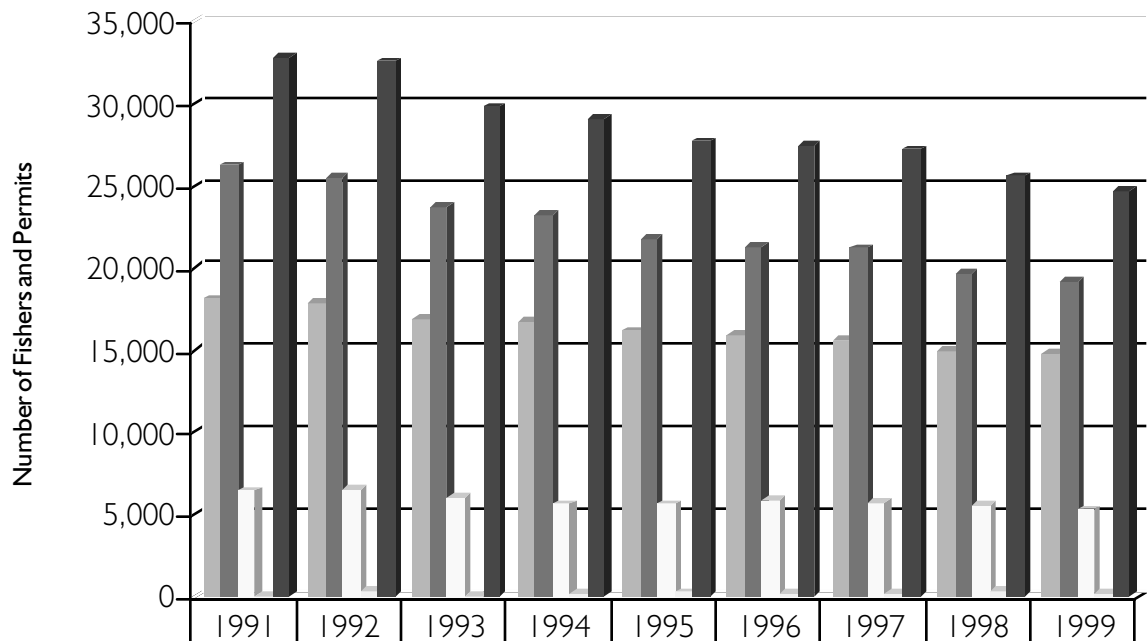
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 During 1999, the Commission issued permanent limited entry permits for the Goodnews Bay herring gillnet fishery, the Southeast Alaska shrimp otter and beam trawl fisheries, and the Southeast shrimp pot fishery. Additional information on these fisheries is contained in the “Decisions and Activities” section of this report.



Courtesy of the Alaska Seafood Marketing Institute

## PERMITS ISSUED BY LICENSE YEAR



■ Total Fishers	18,164	17,929	16,937	16,780	16,224	15,935	15,610	15,008	14,854
■ Resident Permits**	26,246	25,585	23,713	23,300	21,812	21,278	21,250	19,687	19,163
■ Non-Resident Permits	6,473	6,580	6,065	5,636	5,640	5,924	5,778	5,521	5,329
■ Fees Refunded*	79	423	82	209	278	246	232	398	210
■ Total Permits	32,798	32,588	29,860	29,145	27,730	27,448	27,260	25,606	24,702

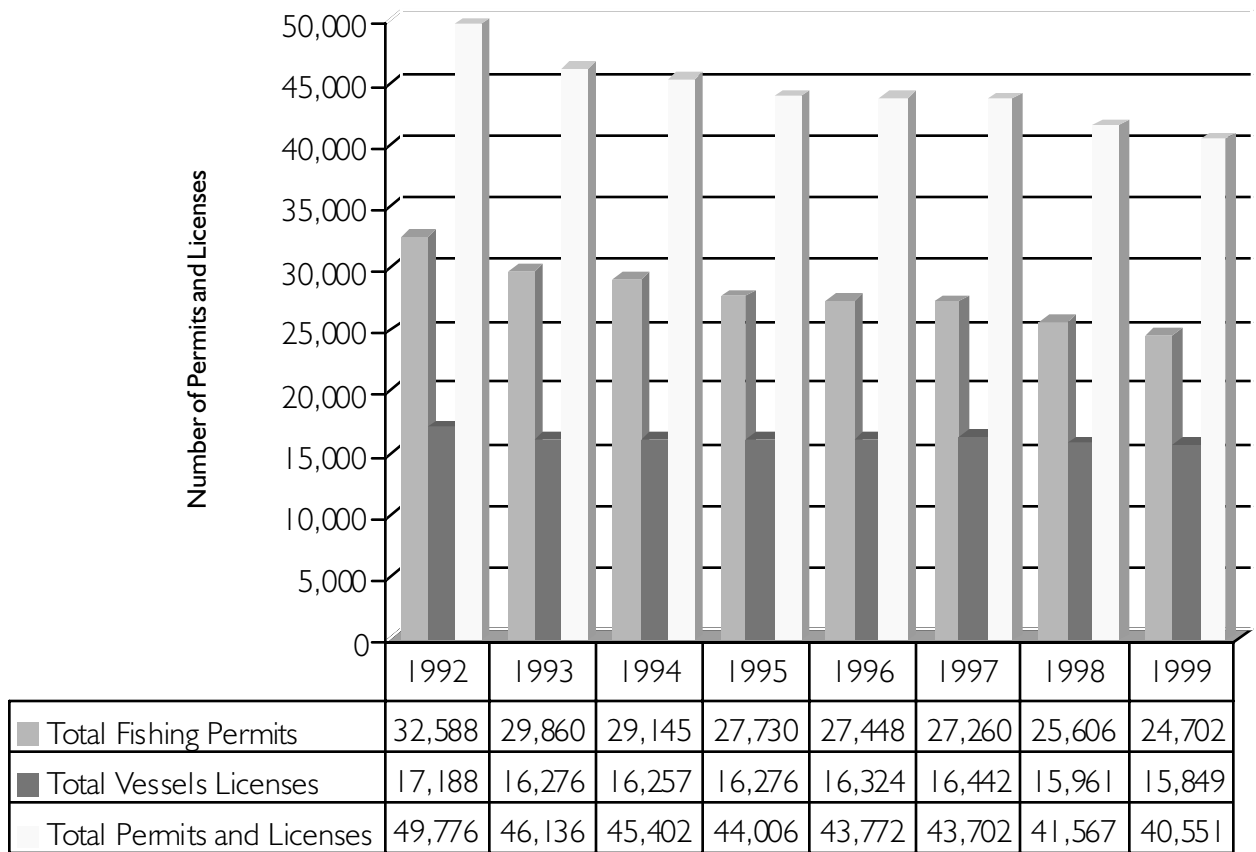
Number of permits is higher than number of fishers as some individuals hold permits in more than one fishery. Breakdown between resident/non-resident is determined by fees paid. Data include permits issued in both open access fisheries and limited fisheries.

\* Number of permits issued for which the commission refunded fees due to fishery not opening.

\*\* Includes vessel permits which do not record residency.



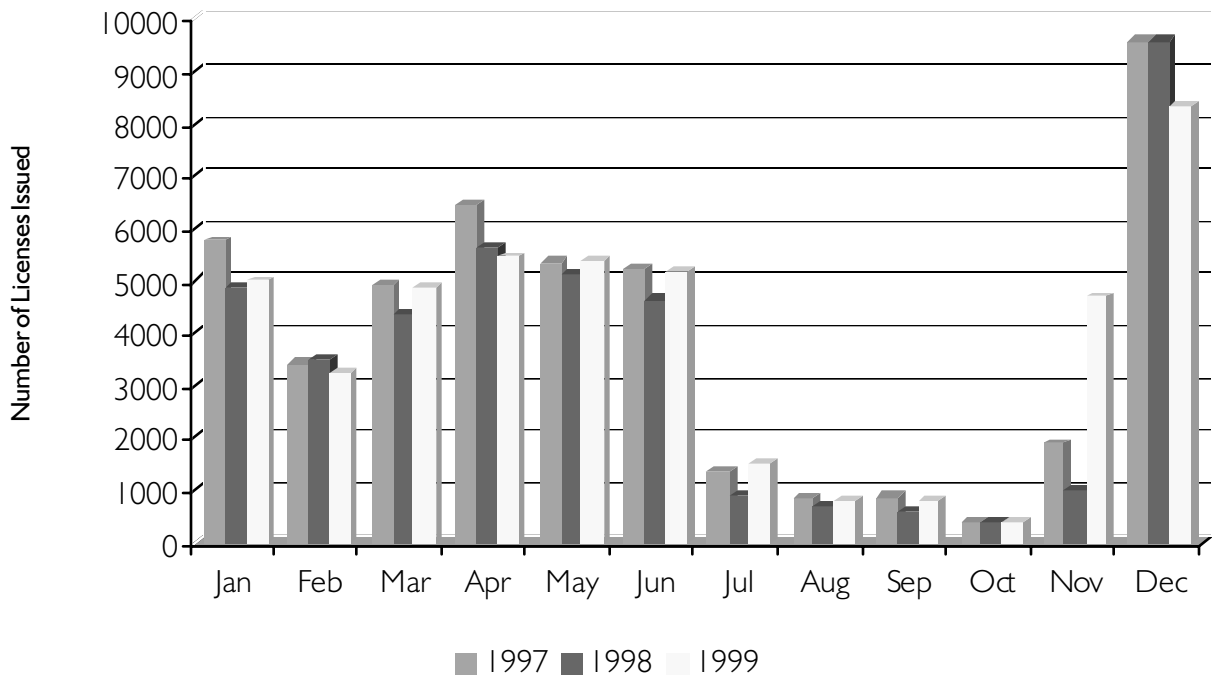
## FISHING PERMITS AND VESSEL LICENSES ISSUED BY LICENSE YEAR



Data include permits issued in both open access fisheries and limited fisheries and vessel licenses issued by license year. (License year refers to the fishing year for which the license or permit is issued regardless of when it was issued.)

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## PERMIT AND VESSEL LICENSES ISSUED BY MONTH



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## PERMIT TRANSFERS

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During 1999, the Commission reviewed 1813 requests for permanent and emergency transfers of permits. These included 935 emergency transfer requests, (less than the 975 in 1998), and 878 permanent transfer requests, (also lower than the 902 requests in 1998).

A breakdown of transfer requests by type of transfer is shown below:

### PERMANENT TRANSFERS IN 1999

Standard transfers .....	781
Survivorship transfers to spouse .....	21
Foreclosure transfers by loan agencies.....	12
TOTAL APPROVED .....	814
Denied transfers .....	39
Withdrawn transfer requests .....	25
TOTAL REVIEWED .....	878

### EMERGENCY TRANSFERS IN 1999

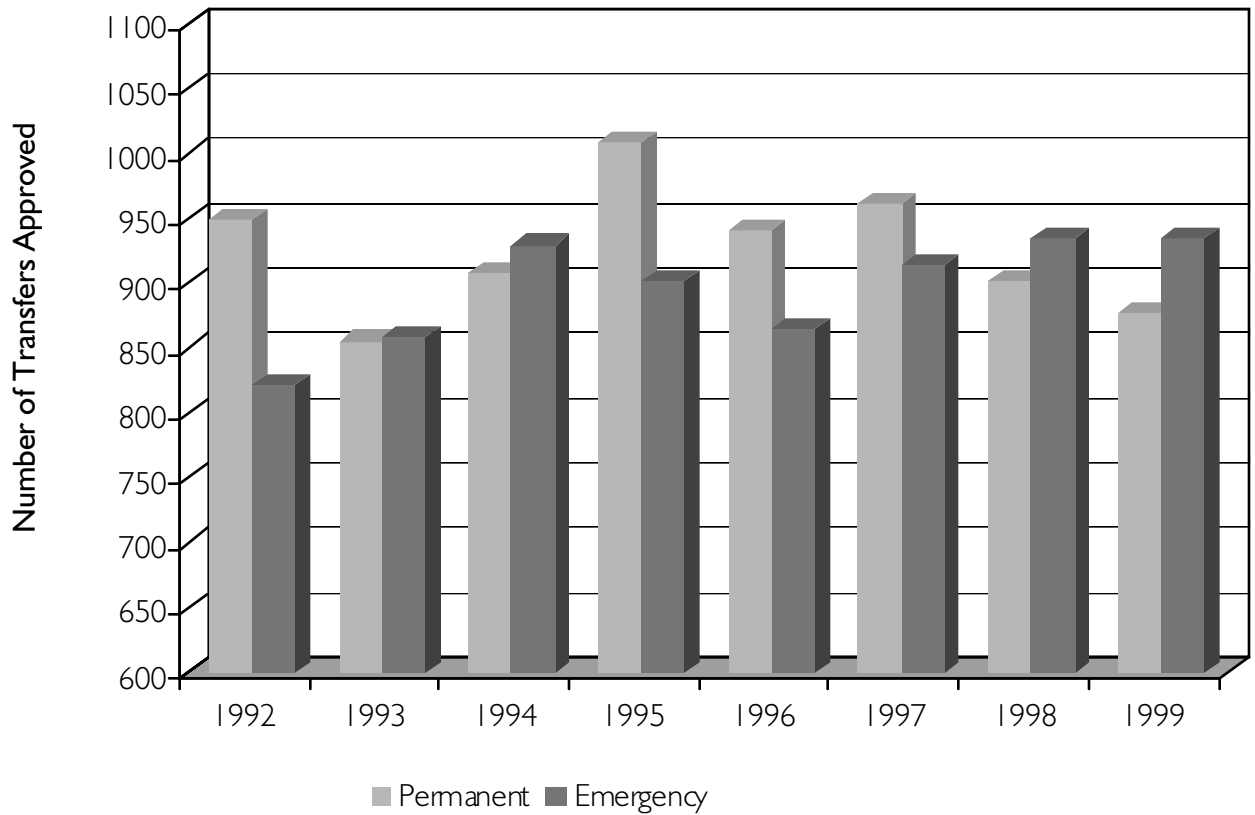
Emergency transfer requests reviewed in 1999 .....	935
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### ALL TRANSFERS REVIEWED IN 1999

All transfer requests reviewed in 1999 .....	1813
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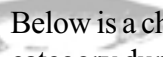
## PERMANENT AND EMERGENCY PERMIT TRANSFERS



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## VESSEL LICENSE FEE CATEGORIES

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 Below is a chart showing the number of vessel licenses issued for each fee category during the 1999 calendar year and the revenue generated from each of those vessel length categories.

Category Based on Overall Length of Vessel	Fee Based on Overall Length of Vessel	Number of Vessels Licensed in Category	Revenue Generated from License Fees For Calendar Year 1999
A - 25' and under	\$20	7,072	\$141,440
B - over 25' - 50'	\$50	7,900	\$395,000
C - over 50' - 75'	\$100	1,044	\$104,400
D - over 75' - 150'	\$250	535	\$133,750
E - over 150' - 250'	\$500	120	\$60,000
F - over 250'	\$750	36	\$27,000
TOTAL		*16,707	\$861,590

\* Includes all vessel licenses issued in calendar year 1999 without regard to license year.

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## LICENSING ACTIVITY

Limited Entry Permits <i>Not</i> Renewed.....	804
Limited Entry Permits with Fees Waived* *** .....	210
Limited Entry Permits Revoked or Lapsed (since 1975) .....	963
Limited Entry Permits Renewed*** .....	13,277
Interim-use Permits in Fisheries Under Limitation or Moratoria*** .....	1,160
Interim-use Permits in Open-to-Entry Fisheries*** .....	10,038
Special Harvest Area (Hatchery) permits .....	23
Educational Entry Permits .....	1
Vessel Permits** .....	17

\*Fees for limited entry permits may be waived in the event of season-long closures.

\*\*Vessel permits were issued in the Bering Sea Korean hair crab fishery and the Statewide and Cook Inlet scallop fisheries.

\*\*\*Total permits issued by license year.



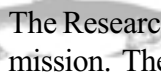
Courtesy of the Alaska Seafood Marketing Institute  
*Credit: Tony Lara*

# Research

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## OVERVIEW

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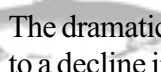
The Research section provides the studies and analyses needed by the Commission. The Research section, coupled with the Commission's data processing section, also produces basic economic data on Alaska's fisheries. The section produces both standard and specialized reports. The Commission reports have been used to help address a wide range of policy questions.

The staff produces analyses on issues for the Legislature, the Office of the Governor, the ADF&G, and the Alaska Board of Fisheries (BOF). In addition, the staff answers numerous information and data requests from the general public.

In 1999, the Commission's Research staff was involved in many projects. These projects included efforts to monitor trends in Alaska's fisheries, to evaluate the need for access controls in particular fisheries, and to provide other agencies and users with needed data and analyses. The following paragraphs provide brief highlights of 1999 research activities.

## OPTIMUM NUMBERS AND FLEET REDUCTIONS

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The dramatic worldwide growth in farmed and wild salmon production has led to a decline in ex-vessel prices for Alaska's wild salmon during the last decade. The livelihoods of Alaska salmon fishers and their families have been hurt by these price declines. As a result, there is a renewed interest in finding ways to reduce harvesting costs so that Alaska's commercial salmon fishers can better compete under these new market conditions.

Some persons are interested in finding ways to reduce the size of Alaska's salmon harvesting fleets. New fleet reduction programs for the salmon fleets in British Columbia and Washington have occurred in recent years.

Development of a viable fisherman-funded permit buyback program in Alaska would depend upon a satisfactory resolution of some of the issues raised by

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the Alaska Supreme Court in *Johns v. State*, CFEC, 758 P.2d 1256. During 1999, the Commission maintained its dialogue with individuals, policy makers, and gear groups interested in fleet reductions.

The Commission participated in Governor Knowles' Salmon Forum '99' held in Anchorage on March 12-13, 1999. A major topic on the agenda was fleet reductions. The Commission prepared a special report for Salmon Forum '99' that was titled *Outline Of Options for Fleet Consolidation In Alaska's Salmon Fisheries* that formed the basis for discussions on the topic. The paper includes some fleet reduction options that would not require a government-run buyback program. This Commission report is available electronically on the internet at [www.cfec.state.ak.us](http://www.cfec.state.ak.us).

The Commission also helped facilitate "breakout" sessions on fleet reduction options at Salmon Forum '99'. While the sessions resulted in a good discussion of the benefits and pitfalls of different options, the participants, as a whole, did not reach a consensus on an appropriate course of action.

On March 14, 1999, the Commission participated in a discussion on Bristol Bay fleet reduction options hosted by the Bristol Bay Native Association and the Bristol Bay Native Corporation. This event also resulted in a good discussion of the benefits and pitfalls of different options. However, the participants did not reach consensus on an appropriate course of action.

In addition, the Commission studied and analyzed recent salmon fleet reduction efforts in Washington state and British Columbia. This effort resulted in the following two reports:

- Washington State Commercial Salmon Fishing Buyback Programs, 1995-1998 (CFEC 99-1N) by B. Muse.
- Fleet Reductions in British Columbia's Commercial Salmon Fisheries, 1996-1998 (CFEC 99-2N) by B. Muse.

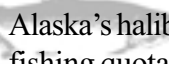
These reports were distributed as informational documents at Salmon Forum '99' and are available electronically via the internet at [www.cfec.state.ak.us](http://www.cfec.state.ak.us).



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## RESEARCH ON INDIVIDUAL FISHING QUOTA PROGRAMS

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 Alaska's halibut and sablefish fisheries have been managed under individual fishing quota programs (IFQ) since 1995. These IFQ programs were developed by the NPFMC and are administered by the National Marine Fisheries Service's Restricted Access Management Program (NMFS-RAM).

In Alaska, the IFQ programs have been controversial. While the NPFMC built constraints into these programs to retain the pre-IFQ character of the fishing fleets, some Alaskans have feared that there will be dramatic changes in these fisheries under IFQs and that some fishing communities may suffer losses in their economic base.


Because of these concerns, Governor Knowles asked that the effects of these programs be studied and closely monitored. In 1999, this work to monitor changes under these programs continued. The Commission was funded by a NOAA grant award to revise and update two of the previous Commission studies. The reports and executive summaries for these two new studies are titled:

- Changes Under Alaska's Halibut IFQ Program, 1995-1998 by E. Dinneford, K. Iverson, B. Muse, and K. Schelle.
- Changes Under Alaska's Sablefish IFQ Program, 1995-1998 by E. Dinneford, K. Iverson, B. Muse, and K. Schelle.

These reports are available from the NPFMC in Anchorage. The reports are also available via the internet on CFEC's home page at [www.cfec.state.ak.us](http://www.cfec.state.ak.us).

## REPORTS ON GULF OF ALASKA COASTAL COMMUNITIES

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 The National Marine Fisheries Service's Restricted Access Management Program (NMFS-RAM) has committed to monitoring the restricted access programs in Alaska so that they can provide the NPFMC and the public with accurate data and information on changes occurring under the restricted

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access programs. This monitoring effort is intended to help inform policy discussions on proposals for new programs and proposals to alter existing programs.

In 1999, NMFS-RAM contracted with the Commission to update a series of reports on Gulf of Alaska coastal communities and groups of these communities. The purpose of the series of reports was to provide basic data on how these communities have fared with respect to the initial allocation and retention of entry permits for Alaska's limited fisheries and with respect to the initial allocation and retention of quota shares under the sablefish and IFQ programs.

The Commission's Research staff produced a series of 54 reports on these communities. The reports are titled similarly for each community as follows:

- Community Name: Holdings of Limited Entry Permits, Sablefish Quota Shares, and Halibut Quota Shares Through 1998 and Data On Fishery Gross Earnings by S. Shirley, E. Dinneford, A. Tingley, K. Iverson, and K. Schelle.

Copies of these reports are available from the NPFMC in Anchorage. The reports are also available via the internet on the Commission's home page at [www.cfec.state.ak.us](http://www.cfec.state.ak.us).

## **OTHER PROJECTS AND REPORTS**

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The Research staff produced monthly permit value estimates for the Department of Community and Economic Development and other users and produced basic information tables on many of Alaska's commercial fisheries. The Commission's Research and data processing sections also produced reports on Alaska's fisheries which were used in the National Marine Fisheries Service (NMFS) publication *Fisheries of The United States, 1998*.

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The following is a listing of other non-confidential reports that the Research staff prepared during 1999.

- Changes In The Distribution Of Alaska's Commercial Fisheries Entry Permits, 1975-1998 (99-3N) by A. Tingley, E. Dinneford, and K. Iverson.
- Executive Summary - Changes In The Distribution of Alaska's Commercial Fisheries Entry Permits, 1975-1998 (99-3N-EXEC) by K. Iverson, A. Tingley, and E. Dinneford.
- Regression Analysis of Alaska Halibut and Sablefish QS Prices, 1995-1998 (99-6N) by B. Muse.



Courtesy of the Alaska Seafood Marketing Institute



Courtesy of the Alaska Seafood Marketing Institute  
*Credit: Tony Lara*

# Revenue

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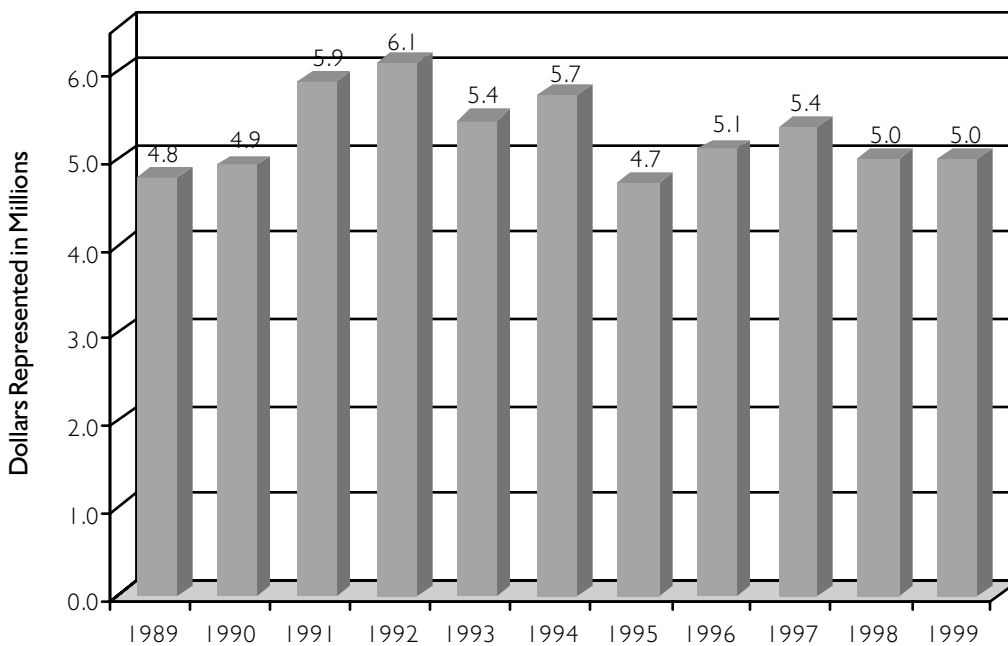
## OVERVIEW

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Revenues generated by the Commission come primarily from two sources: the issuance of commercial fishing permits and vessel licenses. Additional revenues come primarily from Research and Data Processing services and reports requested by the public, fishing organizations and fisheries research groups. Total revenue for Fiscal Year 1999 (FY99) (July 1, 1998 - June 30, 1999) was about \$5.0 million. This was the same as FY98.

The General Fund revenues generated by the Commission continue to be approximately twice the amount of General Fund monies appropriated by the legislature to run the Commission. Despite an ever increasing workload and increased costs, the Commission has experienced reductions in budget and staff through budget cuts over the years. Since 1986, the Commission's full-time staff has been cut from 41 to 31, which is a 24% loss.

### REVENUE GENERATED BY THE COMMISSION BY FISCAL YEAR



Note: Revenue is generated by permit fees, vessel license fees, limited entry application fees, NSF check penalties, refunds, and miscellaneous revenue.



Courtesy of the Alaska Seafood Marketing Institute  
*Credit: Tony Lara*

# Appendices

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**DECISIONS AND ACTIVITIES, CALENDAR YEARS 1995-1998 ..... 33**



Courtesy of the Alaska Seafood Marketing Institute  
*Credit: Francis/Donna Caldwell*

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Susan Shirley **	Research Analyst III	

\*This list includes full-time, seasonal and part-time employees.

\*\*These people are no longer employed at the commission.





# Decisions and Activities in Prior Years

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## CALENDAR YEAR 1998

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- Conducted research, held public hearings, and adopted regulations establishing point systems for the Southeastern Alaska shrimp beam trawl and otter trawl fisheries and the Goodnews Bay herring gillnet fishery.
- Began the application period for the Southeastern Alaska shrimp beam trawl and otter trawl fisheries.
- Received 189 entry permit applications for the Northern Southeast herring spawn-on-kelp pound fishery and 221 entry permit applications for the Southern Southeast herring spawn-on-kelp pound fishery.
- Held public meetings in Southeast communities to discuss the status of the moratorium and future limited entry and other alternatives for the Southeast geoduck clam, sea urchin, sea cucumber, and abalone dive fisheries.
- Participated in the Governor's 1998 Salmon Forum.
- Participated in the Bristol Bay Native Association's Blue Ribbon Commission on Limited Entry Issues.
- Completed and published an outline of options for fleet/gear reduction in the salmon fisheries in response to the salmon industry crisis.
- The Commission began assessing demerit points after the legislature adopted HB 285, which established a demerit point system for suspending commercial fishing privileges based on convictions of fishing violations in the salmon fisheries.
- Continued to meet with IRS to explore means to help permit holders achieve voluntary tax compliance and to eliminate attempted forced sales of limited entry permits.
- Received petitions to limit additional fisheries and began required analysis.
- Continued to defend state against elimination of non-resident fee differential in the *Carlson* case.

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## CALENDAR YEAR 1997

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- Conducted research, held public hearings and adopted regulations limiting entry into the Southeast Alaska shrimp beam trawl and shrimp otter trawl fisheries and the Goodnews Bay herring gillnet fishery.
- Conducted research, held public hearings and adopted regulations establishing point systems for the Prince William Sound sablefish fisheries and the Northern and Southern Southeast herring spawn-on-kelp pound fisheries.
- Held application periods for the Southeast Alaska pot shrimp fishery and the Prince William Sound sablefish fisheries, and began the application period for the Northern and Southern Southeast herring spawn-on-kelp pound fisheries.
- Received 406 entry permit applications for the Southeast Alaska pot shrimp fishery and 98 entry permit applications for the Prince William Sound sablefish fisheries.
- Received petitions to limit additional fisheries and began required analysis.
- Members of the Commission and staff participated in the Governor's Salmon Forum.
- The legislature adopted HB 141 which established a four year moratorium on vessels participating in the Statewide and Cook Inlet weathervane scallop fisheries.
- Representatives from the Commission, other state agencies, and Senator Stevens's office met with the IRS to explore means to help permit holders achieve voluntary tax compliance and to eliminate forced sales of limited entry permits.
- Continued to defend state against elimination of non-resident fee differential in the *Carlson* case.

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## CALENDAR YEAR 1996

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- Conducted research, held public hearings and adopted regulations limiting the Southeastern Alaska shrimp pot fishery.
- Conducted research, held public hearings and adopted regulations establishing point systems and an application period for the Southeastern Alaska dungeness crab, the Cook Inlet dungeness crab fisheries, and the Southeastern Alaska shrimp pot fishery.
- Held application period for the Southeastern Alaska dungeness crab and Cook Inlet dungeness crab fisheries.
- Received petitions to limit additional fisheries and began required analysis.
- Participated in the Koliganek Economic Development Council meetings.
- Served on the Child Support Enforcement Division's Rural Task Force, concerning child support and Alaska fishers.
- The legislature adopted HB 297 which raised the annual vessel license fee based on overall length.
- The legislature adopted HB 547 which established a four year moratorium on entry into Southeast Alaska dive fisheries.
- The legislature adopted HB 538 which established a four year moratorium on vessels participating in the Bering Sea Korean hair crab fishery and directed the Commission to draft legislation for a vessel permit limited entry program.
- The legislature adopted SB 42 giving the Commission the authority to propose permit stacking (an individual could hold more than one permit up to limits set by the Board of Fisheries), where the Commission has applied fishing capacity restrictions on individual entry permits.
- The IRS conducted a pre-Christmas sale of a Cook Inlet salmon set net permit and sold the permit, valued at \$30,000, for only \$5,005.

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- The Commission issued the *Carle* decision denying a request by the IRS to transfer a Southeast Alaska salmon purse seine entry permit to the highest bidder in a forced permit auction held in December of 1995.
  - Representatives from the Commission, other state agencies and Senator Steven's office met with the IRS to explore means to help permit holders achieve voluntary tax compliance and to eliminate forced sales of limited entry permits.
  - Commission statutes, regulations, public notices, transfer survey, and staff's e-mail addresses became available to users of the Commission's internet site.
  - Continued to defend state against elimination of non-resident fee differential in the *Carlson* case.

## CALENDAR YEAR 1995

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- Conducted research, held public meetings and adopted regulations limiting the Northern and Southern Southeast herring spawn-on-kelp pound fisheries, the Prince William sound sablefish fisheries, and the Southeastern Alaska dungeness crab fisheries.
- Held public meetings in Southeast Alaska to discuss the future of the moratorium in the Southeastern dungeness crab fisheries.
- Received petitions to limit additional fisheries and began required analysis.
- Served on an Alaska Federation of Natives (AFN) Task Force concerning the IRS and Alaska fishers.
- Served on a Bristol Bay Native Association Commission to address issues concerning limited entry.
- Participated in the Governor's Salmon Strategy Task Force.
- The Commission, together with the Division of Investments, the IRS, and AFN, developed and began outreach to implement the new Commercial Fishing Tax Obligation Loan Program.

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- The Commission, together with the Division of Investments and the AFN, persuaded the IRS not to implement its new electronic levy program against those fishers eligible for the new loan program.
  - The Commission's Bulletin Board System became available to Internet.
  - Continued to defend state against elimination of non-resident fee differential in the *Carlson* case.

## **YEARS PRIOR TO 1995**

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Information on prior years can be found in previous annual reports or on the internet at the Commission web site.



Courtesy of the Alaska Seafood Marketing Institute  
*Credit: G. Morris*



Courtesy of the Alaska Seafood Marketing Institute



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