

Commercial Fisheries  
Entry Commission  
2000  
Annual Report



# STATE OF ALASKA • COMMERCIAL FISHERIES ENTRY COMMISSION

## 2000 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 2000 Annual Report.

The Alaska Legislature enacted the Limited Entry Act in 1973, soon after Alaska voters approved a constitutional amendment 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 2000, the Commission adopted regulations limiting two fisheries and establishing point systems for three fisheries. The Commission also held an application period for one recently limited fishery, issued 40,216 annual fishing permits and vessel licenses, reviewed over 1,957 transfer requests, and issued 187 adjudicatory decisions. At various stages of adjudication, 468 cases were before the Commission as of the end of 2000. As in the past, the Commission generated nearly 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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The Commission is administratively attached to the Alaska Department of Fish and Game (ADF&G).

ADF&G administers all programs and activities free from discrimination on the bases of race, color, national origin, age, sex, religion, marital status, pregnancy, parenthood, or disability. The department administers all programs and activities in compliance with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title II of the Americans with Disabilities Act of 1990, the Age Discrimination Act of 1975, and Title IX of the Education Amendments of 1972.

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# Commercial Fisheries Entry Commission

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Governor

Tony Knowles



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Mary McDowell, Commissioner  
Bruce Twomley, Chairman

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Courtesy of the Alaska Seafood Marketing Institute

**2000 Annual Report Design and Layout**  
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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 Limited Entry Act directs the Commission 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 organizes its staff 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;
- Enforces provisions of the Limited Entry Act by regulating permit transfer activities;
- Participates in the research and development of comprehensive fisheries economic data;

**ALASKA'S SEAFOOD  
INDUSTRY IS THE  
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- Works with other state and federal management agencies to develop and coordinate fisheries policies;
- Assesses demerit points against permit holders for convictions of violations 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 63 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-seven years after enactment of Alaska’s Limited Entry Act, approximately 78% (11,138 at the end of 2000) of all permits are held by Alaskans and more than half of that number are held by rural Alaskans.

The Commission issues nearly 40,000 permanent permits, interim-use permits, and vessel licenses each year, reviews more than 1,900 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 policy makers, and to provide data to assist and inform the exploration of ideas.

Additionally, to help Alaska fishers protect their fishing privileges, the commission continues to monitor and maintain a professional relationship with the Internal Revenue Service (IRS). During 2000, subject to the additional protections provided by the IRS Restructuring and Reform Act, the IRS again began seizing substantial numbers of Alaska permanent fund dividend checks. However, the IRS did not attempt to force the sale of an Alaska limited entry permit.

On January 19th in Anchorage, Commissioner Johnson and Chairman Twomley participated in a meeting chaired by the IRS Acting District Director Rebecca McElwee, who was well aware of the issues concerning Alaska and its commer-

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2000)**



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cial fishers. The Commission and the IRS agreed to work together to try to ensure that IRS' outreach and other efforts that have been helpful to commercial fishers will not be lost during the major reorganization taking place within the IRS. Subsequently, after a series of communications, CFEC entered an agreement with the IRS to help develop information from which IRS could demonstrate its outreach efforts and cooperative efforts with the state have improved compliance among Alaska fishers. Also as a follow-up to commitments made at the January meeting with the acting District Director, CFEC helped draft and edit a compact resource guide which could be handed out to Alaska fishers facing tax problems.

In March, as part of a nationwide program, the IRS awarded a grant of more than \$54,000 to the Alaska Business Development Center (ABDC) in Anchorage for the purpose of providing legal assistance for low-income taxpayers. The ABDC has been instrumental in helping many Alaska fishers avoid tax problems and protect their fishing privileges.

In April, the IRS Pacific Northwest Citizen Advocacy Panel (CAP) came to Juneau and conducted a public forum at the Baranof Hotel. Former President Clinton called for the creation of such citizen panels in October 1997 to improve IRS responsiveness to taxpayer needs and monitor the quality of taxpayer service. The Pacific-Northwest CAP is one of only four in the nation and consists of private citizens from Alaska, Hawaii, Oregon, and Washington, as well as the IRS District Taxpayer Advocate. CFEC reported in last year's annual report that Bernice Heyano of Dillingham, Alaska, was chosen to serve on the panel. For years, Mrs. Heyano, from her office in Dillingham, has worked to help limited entry permit holders protect their fishing privileges.

Senator Kim Elton of Juneau appeared before the CAP in Juneau and spoke of the importance of Alaska limited fishing privileges to Alaska fishers and the devastation that would result from loss of those privileges through IRS seizure and forced sales. Chairman Twomley also addressed the CAP, which appeared to be sensitive to the issue.

Perhaps the most significant IRS-related event of 2000 was the legislature's passage of a bill introduced by Representative Mary Sattler-Kapsner to reinstate the Federal Tax Obligation Loan Program as part of the State Commercial Fishing Loan Program. Under the program, commercial fishers have a one-time opportunity to obtain a loan of up to \$30,000 to settle IRS tax claims and to protect their limited fishing privileges. The Legislature first enacted this program for four years

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starting in 1993. Despite efforts by CFEC and others, the Legislature allowed the program to lapse in 1997. Between 1993 and 1997, the program loaned some \$6.3 million to 292 Alaska commercial fishers.

In June 2000, the Alaska Superior Court ruled in Carlson v. State, the class action challenging higher permit fees charged to nonresident fishers. In 1996, the Alaska Supreme Court established the formula to be used for comparing resident and nonresident contributions to the State's costs of managing commercial fisheries and remanded the case to the Superior Court to apply the formula. The court conducted a trial in June 2000, and ruled that some, but not all, of the budget categories identified by the state may be counted when calculating the annual expenditures for commercial fisheries management. The state and the plaintiffs are appealing the trial court's decision to the Alaska Supreme Court.

In addition to responding to these current and pressing issues, the Commission continues to perform its primary functions of licensing fishers, adjudicating claims, performing critical research and providing data to the public and agencies. Major



Courtesy of the Alaska Seafood Marketing Institute

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decisions and activities affecting the Commission's operations in 2000 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 developed wisely and sustained through sound management. We at the Commission continue our commitment to fulfill our statutory role in achieving this goal.



Courtesy of the Alaska Seafood Marketing Institute

*Credit: Tony Lara*

# Organization by Agency Function

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## Commercial Fisheries Entry Commission

### Commissioners

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

#### Adjudications

Frank Glass, Project Leader

- Application Processing & Classification
- Administrative Hearings
- Case Management
- Issue Decisions on Claims
- Preparation of Official Record in Judicial Appeals
- Residency and Fraud Investigations

#### Licensing

Karen Wells, Project Leader

- Entry and Interim-use Permit Renewal
- Vessel Licensing
- Permit Transfers

#### Research

Kurt Schelle, Project Leader

- Fisheries Data Collection
- Economic Profiles
- New Limitations Research
- Priority Hardship (“point”) System Development and Testing
- Optimum Number Research

#### Data Processing

Roger Kolden, Project Leader

- Licensing Systems
- Fisheries Data Base
- Data Development for Adjudications and Research
- Personnel, Payroll, Travel, Accounting, Purchasing, and Property/Supply Management
- Budget Development



# Decisions and Activities

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## LIMITATION OF TWO SOUTHEAST DIVE FISHERIES

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### SOUTHEAST ALASKA SEA URCHIN DIVE FISHERY



On September 24, 1999, the Commission proposed to limit entry into the Southeast Alaska sea urchin dive fishery with a maximum number of 37, a qualification date of July 1, 1996, and a qualifying time period of January 1, 1992 to July 1, 1996. The Commission conducted public meetings throughout Southeast Alaska. Many individuals commenting on the proposal believed the proposed maximum number was too low to maintain a viable commercial fishery. Because of the diverse public comment the Commission received, on January 18, 2000, the Commission reopened the public comment period on its proposal to limit the sea urchin fishery. The Commission also asked for comment on the possibility of combining the abalone and sea urchin fisheries and on the option of allowing the sea urchin fishery to return to open access at the end of the moratorium. The public comment period ended February 25, 2000.

After carefully considering the different options, on April 11, 2000, the Commission adopted regulations limiting entry into the Southeast Alaska sea urchin dive fishery. The Commission adopted a modified version of its original proposal raising the maximum number to 95, and lengthening the qualifying period to January 1, 1984 to July 1, 1996. The Commission adopted an effective date for these regulations of June 30, 2000.

### SOUTHEAST ALASKA SEA CUCUMBER DIVE FISHERY

In its September 1999, regulatory proposal on the dive fisheries, the Commission did not propose to limit entry into the Southeast Alaska sea cucumber dive fishery, but to allow the fishery to return to open access after the moratorium ended. Under the statute, the Commission was required to use a maximum number of 436. The Commission was concerned that issuing that many limited entry permits might do more harm than good in this fishery. However, the public comment the Commission received was overwhelmingly opposed to open access. Many divers thought the risk of a rush into the fishery under open access outweighed the risk of limiting the fishery with the high maximum number. As a result of the first public comment period, at its December 28, 1999 meeting, the Commission directed staff to draft regulations limiting entry into the Southeast sea

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cucumber dive fishery. On January 18, 2000, the Commission proposed regulations to limit entry into the Southeast Alaska sea cucumber dive fishery. The public comment period ended February 25, 2000.

On March 30, 2000, the Commission adopted the regulations limiting entry into the Southeast Alaska sea cucumber dive fishery with a maximum number of 436, a qualification date of July 1, 1996, and a qualifying time period of January 1, 1992 to July 1, 1996. The Commission adopted an effective date for these regulations of June 30, 2000.

## **POINT SYSTEM PROPOSALS AND 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 2000, the Commission proposed and adopted point system and application period regulations in the following recently limited fisheries.

### **SOUTHEAST ALASKA SEA URCHIN DIVE FISHERY**

The Commission proposed point system and application period regulations on May 1, 2000. The public comment period ended June 2, 2000. The Commission adopted final point system and application period regulations on June 8, 2000. The regulations became effective on August 9, 2000. The Commission then started an application period for the Southeast Alaska sea urchin dive fishery that ran from August 21, 2000 through November 15, 2000. The Commission received 90 applications during the application period. At the end of the year, the

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Commission had finally adjudicated 82 of the applications and issued 76 limited entry permits.

### **SOUTHEAST ALASKA GEODUCK CLAM DIVE FISHERY**

The Commission proposed point system and application period regulations for the Southeast Alaska geoduck clam dive fishery on September 7, 2000. The public comment period ended on October 20, 2000. The Commission held public hearings throughout Southeast Alaska on the proposal. On November 7, 2000, the Commission adopted final point system and application period regulations. The regulations will become effective on January 28, 2001. The Commission will conduct an application period for the Southeast Alaska geoduck clam dive fishery to begin on February 21, 2001 and end on May 30, 2001.


### **SOUTHEAST ALASKA SEA CUCUMBER DIVE FISHERY**

The Commission proposed point system and application period regulations for the Southeast Alaska sea cucumber dive fishery on September 7, 2000. The public comment period ended on October 20, 2000. The Commission held public hearings throughout Southeast Alaska on the proposal. Based on the public comment, on November 7, 2000, the Commission decided to amend the proposal by raising the minor economic hardship level and by awarding additional points for total poundage and years fished. The Commission issued a supplemental public notice and extended the public comment period accordingly. On December 12, 2000, the Commission adopted the point system regulations as originally proposed. The regulations will become effective on February 4, 2001. The Commission will then conduct an application period for the Southeast Alaska sea cucumber dive fishery to begin on February 21, 2001 and end on May 30, 2001.

## **OTHER ISSUES AND DECISIONS**

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### **VESSEL PERMIT MORATORIA AND DRAFT LEGISLATION**

 In 1996, the Alaska Legislature established a four-year vessel moratorium on entry into the Bering Sea Korean hair crab fishery. In the same bill, the Legisla-



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ture directed the Department of Law and the Commission to draft legislation establishing a vessel permit limited entry program to be used in fisheries such as the Hair Crab and scallop fisheries where Alaska's traditional limited entry program would not be effective. As directed by the Legislature, the Commission and the Department of Law, submitted the draft vessel permit legislation to the resource committees of the Alaska Senate and 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 1999-2000 legislative session.

The Bering Sea Korean hair crab fishery moratorium was due to expire on July 1, 2000. The Alaska weathervane scallop fishery was also under a temporary statutory moratorium that was due to expire on July 1, 2001. Without some type of workable limitation program in place, these fisheries would likely have to be reopened to a potential influx of new participants or closed entirely. In addition, the state may risk federal preemption of state management for these fisheries. When it became apparent that SB 143 would not pass the legislature before its adjournment deadline, participants in the Korean hair crab and scallop fisheries sought separate legislation to extend the moratoria until a long-term solution could



Courtesy of the Alaska Seafood  
Marketing Institute

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be found. In response, the House Resource Committee introduced HB 429, which extended the vessel moratoria in the Korean hair crab and scallop fisheries. The Legislature passed HB 429 in 2000. The Bering Sea Korean hair crab fishery moratorium is now scheduled to expire on July 1, 2003 and the Alaska weathervane scallop moratorium on July 1, 2004.

Participants in the Bering Sea Korean hair crab and Alaska weathervane scallop fisheries and the Commission will seek legislation in 2001 to establish a vessel permit limited entry program.

## **OPTIMUM NUMBER FOR THE NORTHERN SOUTHEAST INSIDE SABLEFISH LONGLINE (CHATHAM BLACKCOD) FISHERY**

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On March 30, 2000, the Commission received a petition requesting the Commission conduct an optimum number study for the Northern Southeast Inside sablefish longline fishery (also known as the Chatham blackcod fishery). Under AS 44.62.230, the commission has a duty within 30 days from the receipt of such petitions to either (1) deny the petition, or (2) make a regulatory proposal and schedule public comment on the proposal. In response, based on the best information available, on May 3, 2000, the Commission proposed an optimum number of 73 permits for this fishery. In addition to the notice of the proposal, the Commission wrote and sent to all participants in this fishery a preliminary rationale for the proposed optimum number of 73 participants and invited their comments until the end of the public comment period on October 16, 2000. The Commission extended the public comment period until November 3, 2000 to accept additional comment. Following the public comment period, the commission analyzed the record. Although some public comment on the proposal advocated a larger optimum number, public comment in general tended to reinforce the preliminary rationale and added some specific economic information in support of the proposal. As a result, the Commission adopted an optimum number of 73 for the Northern Southeast Inside sablefish longline fishery at its December 28, 2000 public meeting.

# 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, reverse 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.

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## ADMINISTRATIVE PROCEEDINGS AND DECISIONS

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During 2000, the Adjudication Section evaluated and classified applications for entry permits in the Southeast Alaska sea urchin dive fishery.

The Adjudications Section's staff issued 84 decisions in 2000: 47 on entry permit applications, 27 on permit transfers, 3 on notices to show cause and 7 on miscellaneous issues. At the end of the year, 291 cases were pending before hearing officers.

The Commissioners adjudicated a total of 103 cases during 2000: 70 permit applications, 25 permit transfers, 3 notices to show cause and 5 miscellaneous issues. At the end of the year, 177 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 ([www.cfec.state.ak.us](http://www.cfec.state.ak.us)) also has synopses of specific Commission decisions on entry permit applications.

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

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## JUDICIAL RULINGS AND APPEALS

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The Alaska Supreme Court did not issue any decisions on limited entry cases during 2000.

# Licensing

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## OVERVIEW

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The Commission's Licensing section is responsible for issuance of annual permits and vessel licenses required for participation in Alaska's commercial fisheries. The licensing section also handles issuance of new limited entry permits, replacement of lost licenses, recording of vessel ownership changes, salmon net area registrations, and issuance of emergency and permanent transfers.

As laws change, new fisheries develop, and changes occur in existing fisheries, the details of the work of the licensing staff changes from year to year. Some of these changes are in response to actions by the Commission and the Legislature to bring additional fisheries under limitation or moratoria; implementation of new types of licensing mechanisms; adoption of regulatory changes by the Board of Fisheries; and actions by federal agencies, such as creation of moratoria, license limitation programs, Individual Fishing Quota (IFQ) programs and Community Development (CDQ) programs for Alaska fisheries.

In addition to keeping up with licensing responsibilities associated with new developments, the staff serves as a major source of information to commercial fishers about the laws and regulations affecting their industry. To meet ever-increasing demands, the Licensing section is continually streamlining procedures and automating processing wherever possible.

The total number of permits and vessel licenses issued in 2000 decreased slightly from the 1999 season. Most of the decrease this year can be attributed to fisheries in which the annual licensing requirements have been waived due to season long closures, and nontransferable permits lapsing due to non-payment for a two-year period.

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## **NEW LIMITED ENTRY PERMITS**

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### **SOUTHEAST DIVE FISHERY: MORATORIUM ENDS & THREE LIMITATIONS ENACTED**



During 2000, the moratoria for the Southeast Alaska dive fisheries ended and limited entry was enacted in the Southeast Sea Urchin, Sea Cucumber and Geoduck dive fisheries (see pages 7-9 in this report for more details). An application period for the Southeastern Alaska Sea Urchin dive fishery was held. By the end of 2000, 28 permanent limited entry permits had been issued and interim use permits had been issued to 115 applicants whose applications were still pending issuance or denial. In the Southeast Alaska Geoduck and Sea Cucumber fisheries, 93 and 278 interim use permits were issued respectively and limited entry application periods for both fisheries were set to begin in February 2001. Additional information on the Southeast dive fisheries can be found in the Decisions and Activities section of this report.

### **GOODNEWS BAY HERRING**

In 1999, the commission began issuing permanent entry permits for the Goodnews Bay herring gillnet fishery. During 2000, 102 permanent limited entry permits were issued to eligible applicants in this fishery and 49 interim use permits to applicants whose applications were still pending issuance or denial. Additional information on this fishery is contained in the Decisions and Activities in Prior Years section of this report. (see sections on 1997, 1998 and 1999)

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## DEMERIT POINTS

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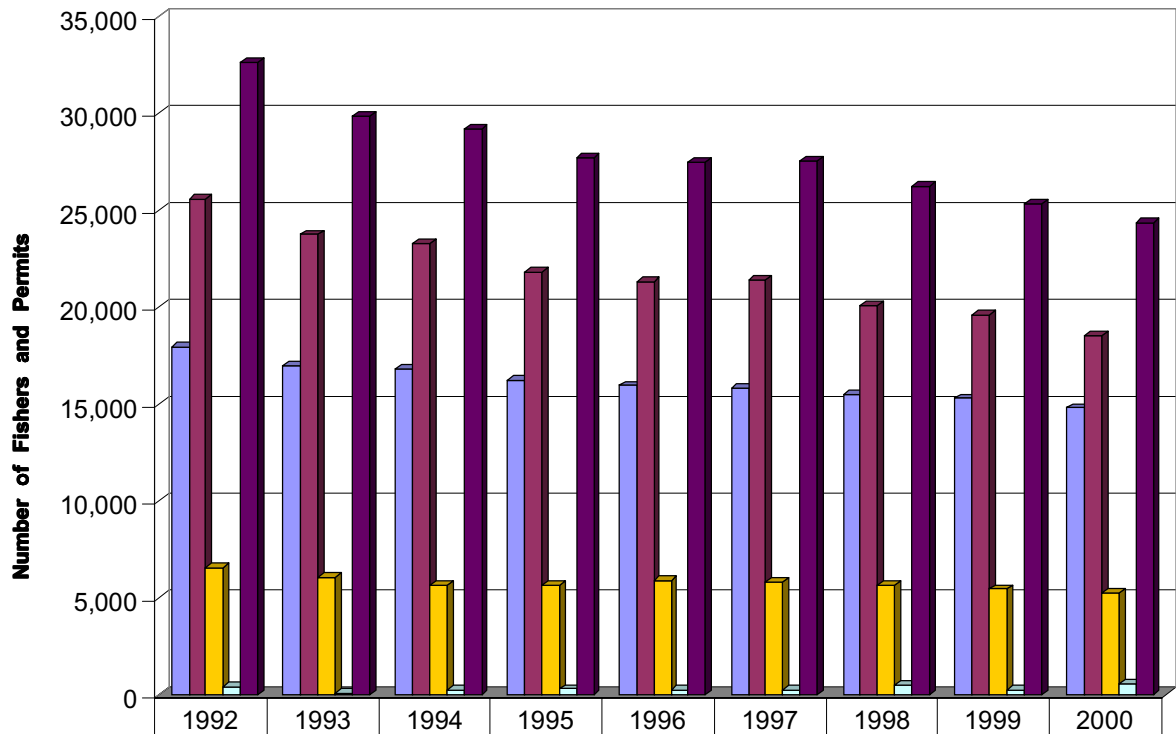
In 1998, the Alaska Legislature enacted a law, AS 16.43.850-16.43.895, which established a demerit point system for suspending commercial fishing privileges based on convictions of fishing violations in the salmon fisheries. Under this law, the commission must suspend a salmon permit holder's commercial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

At the end of three years, the commission has issued demerit points to 223 fishers and suspended one salmon permit for the 2000 season. Most of the demerit points assessed have been for violations occurring in the Bristol Bay drift and set gill net fisheries.



Courtesy of the Alaska Seafood Marketing Institute

## PERMITS ISSUED BY LICENSE YEAR



■ Total Fishers	17,934	16,946	16,789	16,228	15,941	15,819	15,462	15,285	14,795
■ Resident Permits**	25,591	23,725	23,308	21,817	21,287	21,426	20,052	19,616	18,546
■ Non-Resident Permits	6,580	6,064	5,636	5,640	5,924	5,815	5,688	5,452	5,251
■ Fees Refunded*	425	82	214	279	247	273	479	228	576
■ Total Permits	32,596	29,871	29,158	27,736	27,458	27,514	26,219	25,296	24,373

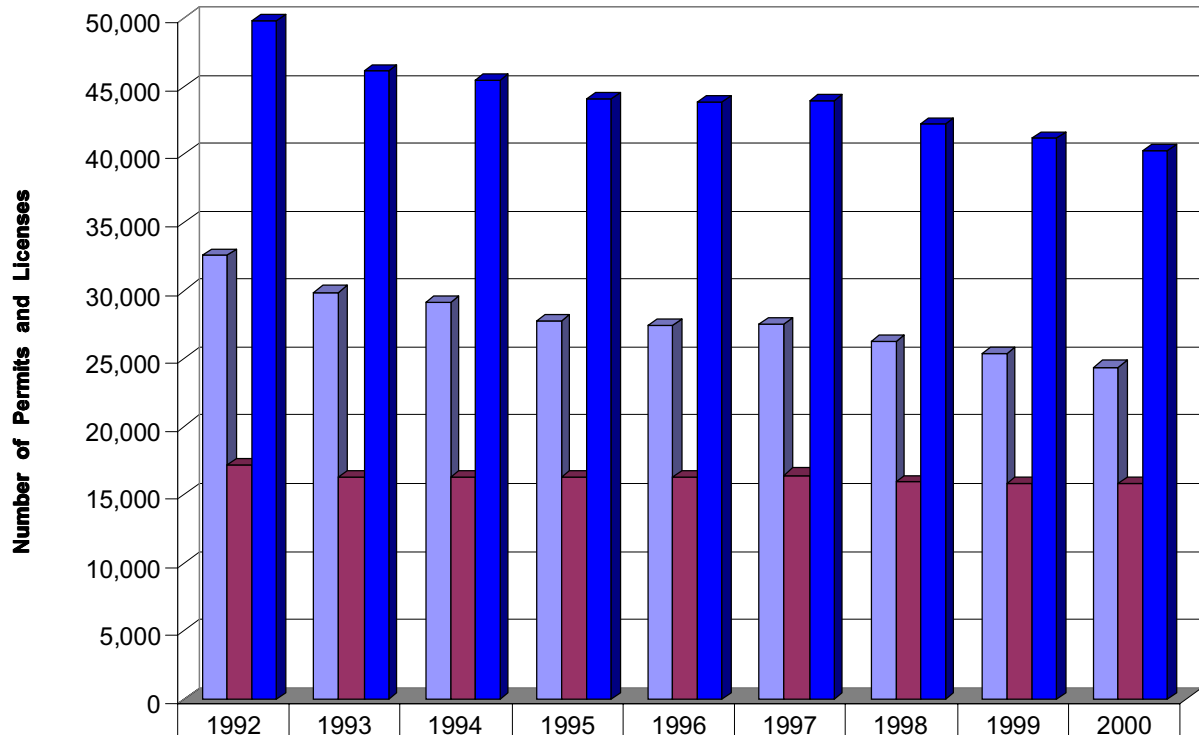
Number of permits is higher than number of fishers as some individuals hold permits in more than one fishery. Breakdown between resident/non-resident is determined by fees paid. Data include permits issued in both open access fisheries and limited fisheries.

\* 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

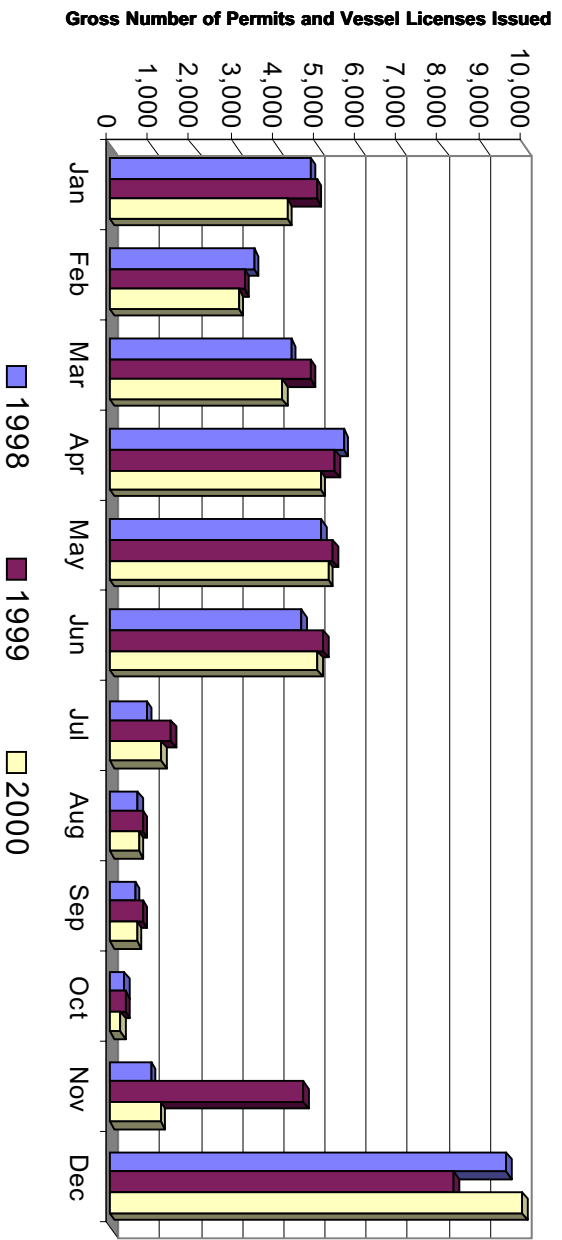


■ Total Fishing Permits	32,596	29,871	29,158	27,736	27,458	27,514	26,219	25,296	24,373
■ Total Vessels Licenses	17,188	16,276	16,257	16,276	16,325	16,442	15,958	15,849	15,843
■ Total Permits and Licenses	49,784	46,147	45,415	44,012	43,783	43,956	42,177	41,145	40,216

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 TRANSFER REQUESTS

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During 2000, the Commission reviewed 1957 requests for permanent and emergency transfers of permits. These included 938 emergency transfer requests and 1019 permanent transfer requests. A breakdown of transfer requests by type of transfer is shown below:

### PERMANENT TRANSFER REQUESTS IN 2000

STANDARD TRANSFERS .....	932
SURVIVORSHIP TRANSFERS TO SPOUSE .....	14
FORECLOSURE TRANSFERS BY LOAN AGENCIES .....	18
TOTAL APPROVED .....	964
DENIED TRANSFERS .....	33
WITHDRAWN TRANSFER REQUESTS .....	22
TOTAL REVIEWED .....	1,019

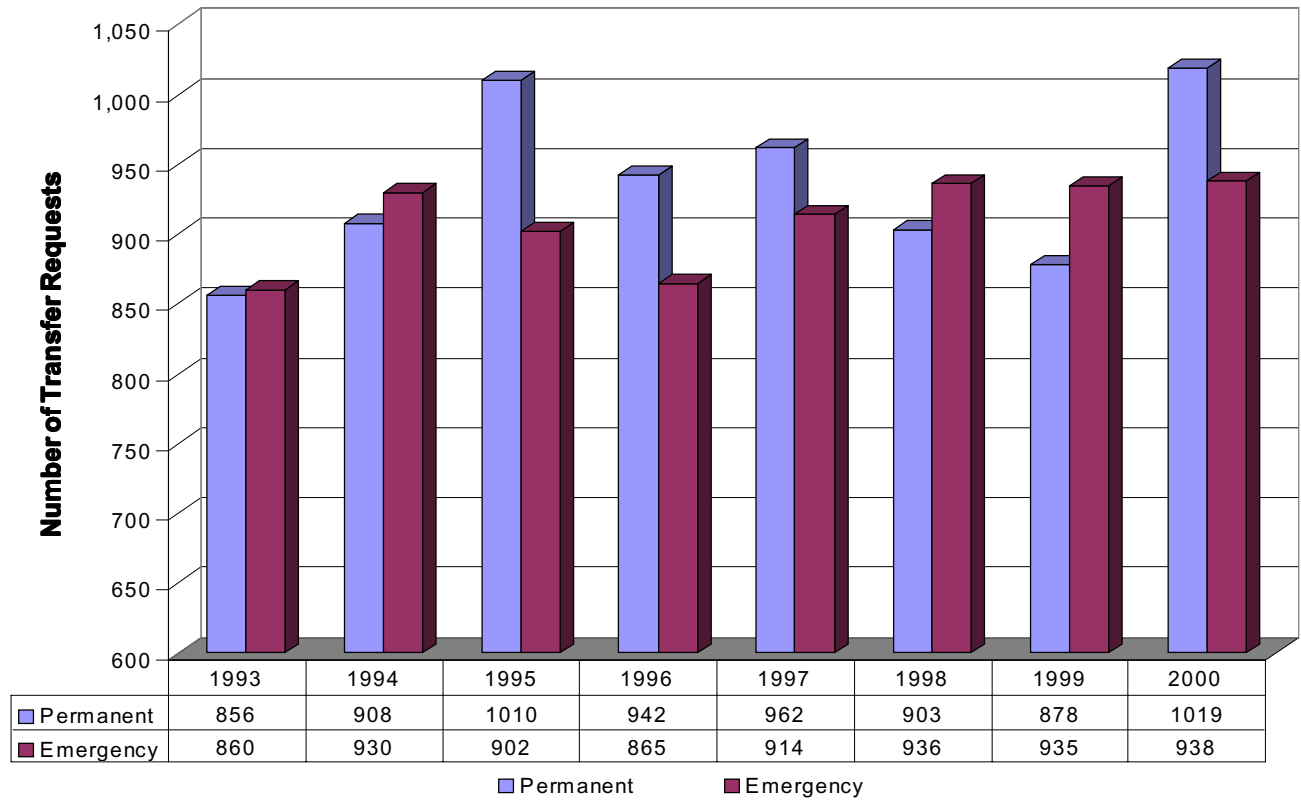
### EMERGENCY TRANSFERS IN 2000

EMERGENCY TRANSFER REQUESTS REVIEWED IN 2000 .....	938
EMERGENCY TRANSFER REQUESTS APPROVED IN 2000 .....	868

### ALL TRANSFERS REVIEWED IN 2000

ALL TRANSFER REQUESTS REVIEWED IN 2000 .....	1,957
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## PERMANENT AND EMERGENCY PERMIT TRANSFER REQUESTS



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## VESSEL LICENSE FEES

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Below is a chart showing the number of vessel licenses issued for each fee category during the 2000 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 2000
A - 25' and under	\$20	6,651	\$133,020
B - over 25' - 50'	\$50	7,034	\$351,700
C - over 50' - 75'	\$100	938	\$93,800
D - over 75' - 150'	\$250	511	\$127,750
E - over 150' - 250'	\$500	100	\$50,000
F - over 250'	\$750	28	\$21,000
<b>TOTAL</b>		<b>*15,262</b>	<b>\$777,270</b>

\* Includes all vessel licenses issued in calendar year 2000 without regard to license year.

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**LICENSING ACTIVITY - 2000 LICENSING YEAR**

Limited Entry Permits <i>Not</i> Renewed .....	788
Limited Entry Permits with Fees Waived* .....	512
Limited Entry Permits Revoked or Lapsed (since 1975) .....	1,036
Limited Entry Permits Renewed .....	12,977
Interim-use Permits in Fisheries Under Limitation or Moratoria .....	622
Interim-use Permits in Open-to-Entry Fisheries .....	10,847
Special Harvest Area (Hatchery) permits .....	23
Educational Entry Permits .....	0
Vessel Permits** .....	6

- \* 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 State-wide and Cook Inlet scallop fisheries which were under vessel-based moratoria.



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. CFEC reports have been used to help address a wide range of policy questions.

In 2000, 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 the Department of Law with specific economic analyses to assist in the state's defense in the Carlson lawsuit.

The staff also produced analyses on issues for the Legislature, the Office of the Governor, the Alaska Department of Fish and Game (ADF&G), and the Alaska Board of Fisheries (BOF). In addition, the staff answered numerous information and data requests from the general public. The following paragraphs provide brief highlights of 2000 research activities.

## LIMITATION STUDIES AND NEWLY LIMITED FISHERIES

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In 2000, the Commission's research staff examined several fisheries in response to limitation petitions or other messages of concern from fishermen or fishery managers. The Commission usually receives petitions or other requests when a fishery is facing the threat of increasing fishing pressure and management problems.

When such requests are received, the Commission conducts research to determine if access restrictions are needed and to evaluate whether or not a license-type limited entry program would produce significant management, conservation, and economic benefits. During 2000, the Commission's research staff produced several in-house reports on fisheries of concern. Because the reports contain confidential data, they are not available for public distribution. The evaluation of the need for limited entry in these fisheries is continuing.

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On June 30, 2000, the legislature's temporary moratorium on new entrants into the Southeast dive fisheries ended. As noted earlier in this report, the Commission adopted regulations permanently limiting entry in three of the four fisheries covered under the legislation. These regulations for the permanent limitations became effective on June 30, 2000 at the same time the temporary moratorium ended. The three newly limited fisheries are the Southeast Alaska geoduck dive fishery, the Southeast Alaska sea urchin dive fishery, and the Southeast Alaska sea cucumber dive fishery.

## POINT SYSTEMS FOR 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 to allocate permits since 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 2000, the Commission's research staff did the priority testing and analyses necessary to develop point system proposals for the three newly limited Southeast Alaska dive fisheries. The staff also represented the Commission at the public hearings for the point system proposals that were noted earlier in this report.

## OPTIMUM NUMBERS AND FLEET REDUCTIONS

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On May 3, 2000, CFEC proposed an optimum number of 73 for the Northern Southeast Inside sablefish (NSEI) longline fishery based upon its preliminary rationale in the document titled "*Rationale for Proposed Optimum Number*



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***for the Northern Southeast Inside Sablefish Longline Fishery.”*** (the public comment period ran through October 16, 2000). On October 17, 2000 the commission extended the public comment period to November 3, 2000. On December 28, 2000, the commission met in a public meeting and adopted the optimum number proposal. Since the optimum number is the same as the original maximum number, the regulation should not have a significant impact on the ultimate fleet size in the NSEI sablefish longline fishery.

During the past decade, the growth of farmed salmon production has had a negative impact on the ex-vessel prices of commercially harvested Alaska salmon. Faced with reduced economic returns, there has been a renewed interest among some fishermen in finding ways to reduce harvesting costs by reducing the size of Alaska’s salmon fleets. For similar reasons, fleet reduction programs for salmon fleets have been undertaken in British Columbia and Washington in recent years.

During 2000, the Commission maintained its dialogue with individuals and gear groups interested in gear reductions. The interest in fleet reductions extends to non-salmon limited entry fisheries where fleets appear to be too large for the available yield. Development of a viable fisherman-funded permit buyback program in Alaska ultimately will depend upon a satisfactory resolution of some of the issues raised by the Alaska Supreme Court in Johns v. State, CFEC, 758 P.2d 1256.

Possible market alternatives for fleet reductions that do not involve a government-run buyback program were also explored during the year. For example, some fishermen indicated that they are interested in using the permit “stacking” provision available in the limited entry statute to reduce the number of fishing operations in the Southeast Alaska Dungeness crab fishery which operates under a “tiered-pot” limited entry program. Some would like to see a stacking provision coupled with an overall reduction in the number of pots allowed by the Alaska Board of Fisheries.

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## 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. The following is a listing of other non-confidential reports that CFEC staff members prepared during 2000.

***A Review of the Issue of Transferability of Limited Entry Permits.*** (00-1N) by CFEC staff.

***Changes In The Distribution Of Alaska's Commercial Fisheries Entry Permits, 1975-1999***(00-3N) by A. Tingley, K. Iverson, and P. Malecha.

***Executive Summary - Changes In The Distribution of Alaska's Commercial Fisheries Entry Permits, 1975-1999*** (00-3N-EXEC) by K. Iverson, A. Tingley, and P. Malecha.

***Characteristics of Vessels Participating in the Alaska Peninsula Salmon Purse Seine and Drift Gillnet Fisheries: 1978-1999.*** (00-10N) by P. Malecha and K. Iverson.



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

# Revenue

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## OVERVIEW

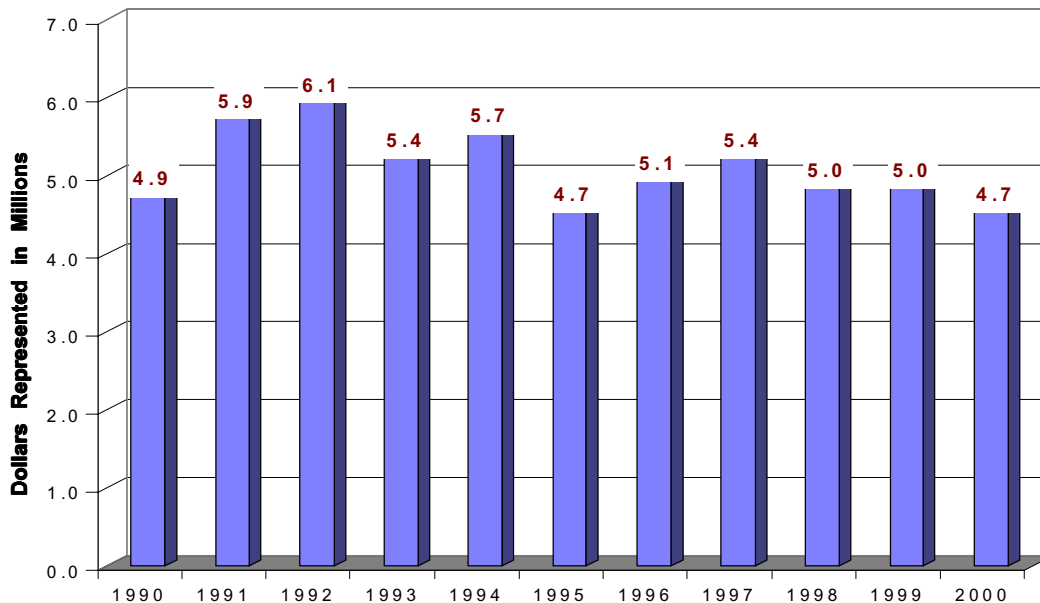
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Revenues generated by the Commission come primarily from issuance of commercial fishing permits and vessel licenses. Additional revenues come from research and data processing services and reports requested by the public, fishing organizations fisheries research groups and agencies. Total revenue for fiscal year 2000 (July 1, 1999 - June 30, 2000) was about \$4.7 million, down by \$243,000 from fiscal year 1999.

The revenues generated by the Commission continue to be approximately twice the amount of 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, 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 ..... 34**



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

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Ben Muse	Economist III	**

\* This list includes current 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 1999

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- Received 66 applications for the Southeast Alaska shrimp beam trawl fishery and 5 applications for the Southeast Alaska shrimp otter trawl fishery. Completed final adjudication of 48 of the shrimp beam trawl applications and three of the otter trawl applications.
- Received 198 applications for the Goodnews Bay herring gillnet fishery. Completed final adjudication of 158 of the applications.
- Proposed regulations and held public hearings on limiting entry into the Southeast Alaska sea urchin and geoduck clam dive fisheries. Adopted regulations limiting entry into the Southeast Alaska geoduck clam dive fishery.
- Proposed regulations and held public hearings on limiting entry into the Southeast Alaska sea urchin and geoduck clam dive fisheries. Adopted regulations limiting entry into the Southeast Alaska geoduck clam dive fishery.
- Participated in the Governor's 1999 Salmon Forum in Anchorage, Alaska.
- Participated in a discussion on Bristol Bay fleet reduction hosted by the Bristol Bay Native Association and the Bristol Bay Native Corporation.
- Received petitions to limit additional fisheries and began required analysis.
- 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.
- With the Alaska Attorney General, we continued to defend state against elimination of non-resident fee differential in the *Carlson* case.



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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.
- With the Alaska Attorney General, we 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.
- With the Alaska Attorney General, we 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.
- 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.

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- 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.
  - With the Alaska Attorney General, we continued to defend state against elimination of non-resident fee differential in the *Carlson* case.

## YEARS PRIOR TO 1996

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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

