



**Commercial Fisheries
Entry Commission
2001
Annual Report**





STATE OF ALASKA • COMMERCIAL FISHERIES ENTRY COMMISSION

2001 ANNUAL REPORT

Dear Governor, Legislators, and Fellow Alaskans:

Pursuant to AS 16.43.980, we are pleased to submit the Commercial Fisheries Entry Commission's 2001 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 2001, the Commission adopted regulations limiting two fisheries and establishing point systems for two fisheries. The Commission also held application periods for two recently limited fisheries, issued nearly 40,000 annual fishing permits and vessel licenses, reviewed 1,845 transfer requests, and issued 205 adjudicatory decisions. At various stages of adjudication, 422 cases were before the Commission as of the end of 2001. 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 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

The Commission is administratively attached to the Alaska Department of Fish and Game (ADF&G).

The Alaska Department of Fish and Game administers all programs and activities free from discrimination based on 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.

If you believe you have been discriminated against in any program, activity, or facility, or if you desire further information please write to ADF&G, P.O. Box 25526, Juneau, AK 99802-5526; U.S. Fish and Wildlife Service, 4040 N. Fairfield Drive, Suite 300 Webb, Arlington, VA 22203 or O.E.O., U.S. Department of the Interior, Washington DC 20240.

For information on alternative formats for this and other department publications, please contact the department ADA Coordinator at (voice) 907-465-4120, (TDD) 907-465-3646, or (FAX) 907-465-2440.

Commercial Fisheries Entry Commission

State of Alaska Governor

Tony Knowles



Commissioners

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

Adjudications

Frank Glass, Project Leader

Data Processing

Roger Kolden, Project Leader

Licensing

Karen Wells, Project Leader

Research

Kurt Schelle, Project Leader

Office Location

Commercial Fisheries Entry
Commission (CFEC)
Jordan Creek Center
8800 Glacier Highway, #109
Juneau, Alaska

Mailing Address

CFEC
8800 Glacier Highway, #109
Juneau, AK 99801

Telephone

(907)789-6160

Fax

(907)789-6170

World-wide Web Server

www.cfec.state.ak.us



Courtesy of Richard I. Eliason, Jr.

2001 Annual Report Design and Layout
Peggy Mattson, Publications Specialist

Table of Contents

INTRODUCTION	1
Organization by Agency Function	6
DECISIONS AND ACTIVITIES	7
Limitation of Two Kodiak Food and Bait Herring Fisheries	7
Point System Proposals and Application Periods in Newly Limited Fisheries	8
Other Issues and Decisions	9
ADJUDICATIONS	12
Overview	12
Administrative Proceedings and Decisions	13
Judicial Rulings and Appeals	13
LICENSING	14
Overview	14
New Limited Entry Permits	15
Demerit Points	16
Permit Transfers Request	20
Vessel License Fee	22
RESEARCH	24
Overview	24
Limitation Studies and Newly Limited Fisheries	24
Point Systems For Newly Limited Fisheries	25
Optimum Numbers and Fleet Reductions	26
Other Projects and Reports	27
REVENUE	29
Overview	29
Revenue Generated by CFEC	29
APPENDICES	31
Employee Names and Internet Addresses	32
Decisions and Activities in Prior Years, Calendar Years 1997-2000	33



Courtesy of Richard Mattson

Introduction



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 annual permits in limited and unlimited fisheries, and issues annual licenses for all vessels as required to legally participate in the State's commercial and guided sport 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;

**THE COMMERCIAL
FISHERIES ENTRY
COMMISSION
PLAYS AN ESSENTIAL
MANAGEMENT ROLE IN
DEVELOPING AND
SUSTAINING ALASKA'S
BILLION DOLLAR
FISHING INDUSTRY.**

- Participates in the research and development of comprehensive fisheries economic data;
- Works with other state and federal management agencies to develop, analyze, 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 limited entry in 65 fisheries. The Commission has received petitions for the limitation of more than 20 additional fisheries.

The percentage of limited entry permits held by Alaska residents has remained relatively stable. Twenty-eight years after enactment of Alaska's Limited Entry Act, Alaskans hold almost 78% of all limited entry permits. At the end of 2001, Alaskans held 11,521 limited entry permits, and rural Alaskans held more than half of that number.

The Commission issues nearly 40,000 permanent permits, interim-use permits, and vessel licenses each year and reviews more than 1,800 permit transfers. In fiscal year (FY) 2001, the Commission collected and deposited into the state's General Fund approximately 4.4 million dollars in revenues, which is more than 160% of the amount of the Commission's budget.

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.

The Commission continues to monitor and maintain a professional relationship with the Internal Revenue Service (IRS) to help Alaska fishers protect their fishing privileges. During March, the Commission and the IRS completed a joint project by publishing the brochure, *Resources for Alaska Commercial Fishers*, a resource guide for Alaska fishers who need assistance with their tax and business problems. Copies of the brochure are available at the Commission office.

**ALASKANS HOLD
ALMOST 78% OF
ALL LIMITED ENTRY
PERMITS**

Additionally, as the result of Chairman Twomley's testimony the previous year to the IRS Pacific Northwest Citizen Advocacy Panel (CAP) about the importance of Alaska limited fishing privileges, the Chair of the Pacific Northwest CAP asked Chairman Twomley to apply for a seat on the panel. The federal government created these citizen panels in 1997 to improve IRS responsiveness to taxpayer needs and to monitor the quality of taxpayer service. The Pacific Northwest CAP is one of four in the nation and consists of citizens from Alaska, Hawaii, Oregon, and Washington, as well as the IRS District Taxpayer Advocate. In August, U.S. Secretary of Treasury Paul O'Neill appointed Chairman Twomley to the panel. The Commission believes Chairman Twomley's service on the panel will provide an opportunity to monitor IRS policies and practices and to improve the Commission's awareness of potential remedies for Alaska limited entry permit holders.

Finally, in December, Representative Drew Scalzi provided the Commission with copies of bills he proposed to introduce, one of which would extend the Federal Tax Obligation Loan Program as part of the State Commercial Fishing Loan Program due to expire on May 31, 2002. The current program allows commercial fishers a one-time opportunity to obtain a loan of up to \$30,000 to settle IRS tax claims. Other provisions of the draft bill were intended to clarify and firm up the legal status of permits and to help protect fishing privileges from seizure by creditors. The Commission encouraged Representative Scalzi to pursue this legislation.

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



Courtesy of Richard I. Eliason, Jr.

During the 2001 session, the Commission worked closely with the legislature on House Bill 194. This legislation was introduced in response to the June 2000, Alaska Superior Court ruling in *Carlson v. State*, the class action challenging higher commercial fishing permit fees charged to non-resident fishers. Passage of HB194, and the implementing regulations subsequently adopted by CFEC, brought the state's permit fee structure into compliance with the court's ruling. 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. In 2001, to streamline the license renewal process and provide additional service to the public, the Commission implemented procedures to enable fishers to pay annual permit and vessel license fees by credit card.

Major decisions and activities of the Commission in 2001 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 Richard Mattson



Courtesy of the Alaska Seafood Marketing Institute

Organization by Agency Function

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
- Permanent and Emergency Transfers
- Permanent File Management
- Revenue Accounting

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

LIMITATION OF TWO KODIAK FOOD AND BAIT HERRING FISHERIES

KODIAK FOOD AND BAIT HERRING GILLNET AND SEINE COMBINED AND THE KODIAK FOOD AND BAIT HERRING TRAWL FISHERIES



The Commission received a petition to limit entry into the Kodiak food and bait herring fishery in the spring of 1999. The Commission proposed to limit the fishery by gear type instead of limiting it as a single fishery where a permit holder could use any gear. The Alaska Department of Fish and Game also supported limitation by gear type. As a result, on May 11, 2001, the Commission proposed to limit entry into the Kodiak food and bait herring gillnet and seine combined fishery and the Kodiak food and bait herring trawl fishery. The proposed regulations for the Kodiak food and bait herring gillnet and seine combined fishery included a maximum number of five, a qualification date of January 1, 2001, a qualifying time period of January 1, 1994 to January 1, 2001, and fishing capacity restrictions based on three vessel size categories. The proposed regulations for the Kodiak food and bait herring trawl fishery included a maximum number of four, a qualification date of January 1, 2001, a qualifying time period of January 1, 1994 to January 1, 2001, and fishing capacity restrictions based on three vessel size categories.

The Commission held public meetings in Kodiak and Juneau. During the public comment period, some fishers asked the Commission to extend the public comment to allow additional time to submit written comment on the proposal. In response, the Commission issued a supplemental notice and extended the public comment proposal until July 18, 2001.

On July 19, 2001, the Commission adopted the maximum numbers, qualification dates, and qualifying time periods as proposed to limit entry into both the Kodiak food and bait herring gillnet and seine combined fishery and the Kodiak food and bait herring trawl fishery. Additionally, in response to public comment, the Commission modified the proposed vessel length categories to include four vessel length categories of up to 60 feet, 70 feet, 75 feet and 80 feet. An applicant will be restricted to a vessel size category based on the length of the longest vessel from which that person made landings during the eligibility period. The regulations became effective on September 13, 2001.

POINT SYSTEMS AND APPLICATION PERIODS IN NEWLY LIMITED FISHERIES



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 2001, the Commission proposed and adopted point systems for the Kodiak food and bait herring fisheries and held application periods for permanent entry permits for the Southeast Alaska geoduck clam and sea cucumber dive fisheries.

KODIAK FOOD AND BAIT HERRING FISHERIES




The Commission proposed point system and application period regulations for the Kodiak food and bait herring gillnet and seine combined fishery and the Kodiak food and bait herring trawl fishery on November 9, 2001. The Commission held a public hearing by teleconference and invited written and oral comments. The public comment period ended on December 14, 2001. On December 27, 2001, the Commission adopted final point system and application period regulations. The regulations became effective on March 31, 2002. The Commission will conduct an application period for the two Kodiak food and bait herring fisheries to begin on April 15, 2002 and end on June 14, 2002.

SOUTHEAST ALASKA GEODUCK CLAM DIVE FISHERY



The Commission adopted final point system and application period regulations for the Southeast Alaska geoduck clam dive fishery on November 7, 2000. The Commission then started an application period for entry permits that ran from February 21, 2001 through May 30, 2001. The Commission received 116 applications during the application period. The maximum number of permits that will be issued for the Southeast Alaska geoduck clam dive fishery is 104. At the end of 2001, the Commission had completed final adjudication of 107 applications and issued 37 permanent entry permits.


SOUTHEAST ALASKA SEA CUCUMBER DIVE FISHERY



The Commission adopted final point system and application period regulations for the Southeast Alaska sea cucumber dive fishery on December 12, 2000. The Commission then started an application period for entry permits that ran from February 21, 2001 through May 30, 2001. The Commission received 391 applications during the application period. By regulation, the maximum number of permits that will be issued for the Southeast Alaska sea cucumber dive fishery is 436. At the end of 2001, the Commission had completed final adjudication of 387 applications and issued 383 permanent entry permits.

OTHER ISSUES AND DECISIONS


LEGISLATION REVISING PERMIT FEE STRUCTURE



During the 2001 legislative session, the Alaska Legislature passed House Bill 194 (CS HB 194 (FIN)), which revised the fee structure for the annual renewal of limited entry permits, interim-use permits and crewmember licenses as of the 2002 licensing year. The legislation was in response to the Alaska court rulings in *Carlson v. State*, the class action by nonresident fishers challenging the law that set annual non-resident commercial fishing fees at three times the resident fees. Once HB 194 was signed into law, the Commission proposed and then adopted regulations implementing the new fee structure in preparation for the 2002 licensing year.

Beginning with the 2002 licensing year, each permit in a given fee class is assessed an annual base fee. In addition, nonresident permits are assessed an additional amount, as calculated according to the ruling of the court in the *Carlson* case. That additional amount is \$120 for 2002 permits. Therefore, in each fee class, the total fee for a non-resident permit shall be \$120 more than for a resident permit. In general, for 2002, under the new fee structure, there is a slight increase in resident permit fees in all classes and in the least expensive class of non-resident permits, and a decrease in non-resident fees for the other permit classes. The new law also changed the reduced fee provision that allows qualified low-income fishers to pay reduced fees for their permits. The Commission began issuing 2002 licenses under the new fee structure in November 2001.

LEGISLATION DEALING WITH VESSEL-BASED LIMITED ENTRY PROGRAM




In 1996, the Alaska Legislature established a four-year moratorium on entry of new vessels into the Bering Sea Korean hair crab fishery. In the same bill, the Legislature directed the Department of Law and the Commission to draft legislation establishing a vessel-based limited entry program that could be used in fisheries that cannot be effectively limited under the existing limited entry system.

In 1997, the legislature established a four-year moratorium on the Alaska weathervane scallop fisheries. As directed by the legislature, the Commission and the Department submitted draft legislation to the House and Senate resources committees in early 1999. SB 143 was assigned to the Senate Resources Committee but was not scheduled for a hearing during the 1999-2000 legislative session and died upon adjournment of the 2000 session.

Because the Bering Sea Korean hair crab moratorium was due to expire on July 1, 2000, participants in the Bering Sea Korean hair crab and the scallop fisheries sought separate legislation to extend the moratoria until a long-term solution could be found. The legislature passed HB 429 in 2000, which extended the moratoria for the Bering Sea Korean hair crab fishery until July 1, 2003 and for the Alaska weathervane scallop fisheries until July 1, 2004.

In 2001, the House Resources Committee again introduced legislation, (HB 206), which would establish a vessel-based limited entry program. In response to concerns from some fishermen about giving the Commission discretionary authority to propose a vessel-based limited entry system for fisheries under certain circumstances, the House Resources Committee amended HB 206 to limit the Commission's authority to use the alternative limitation system to only the Korean hair crab and scallop fisheries. At the end of the 2001 session, HB 206 was in the House Rules Committee where it may resume its course through the legislative process when the 2nd session of the 22nd legislature convenes in 2002. The Commission will seek passage of HB 206 during the 2002 session.


REPORTING TO FISHERS



In February, the Commission met with the Southeast King and Tanner Crab Task Forces in Petersburg. CFEC's Data Processing and Adjudications sections jointly produced a report which conveyed the current status of their fisheries. This report will serve as a model for Commission reporting in the future.

The Commission, together with the Alaska Department of Fish and Game also provided a similar report to the Southeast sablefish fishers in April at meetings held in Petersburg and Juneau. Fish and Game managers organized the meetings to explain the basis for reductions in sablefish quotas, and the Commission reported adjudication progress resulting in current numbers of eligible participants.


OPTIMUM NUMBERS



Following its adoption of an optimum number for the Northern Southeast inside sablefish (NSEI) longline fishery in late 2000, the Commission published the “*Commercial Fisheries Entry Commission Rationale [for the] Northern Southeast Inside Sablefish Longline Fishery Optimum Number (20 AAC 05.1145)*” on March 27, 2001. An action challenging this optimum number has been filed in the Alaska Superior Court.

Late in 2001, the Commission decided to go forward with an optimum number study for the Bristol Bay salmon drift gillnet fishery and directed Research staff to begin preliminary work on the study.

EXPLORING OPTIONS FOR REDUCTION OF SALMON FLEETS



The Commission continued efforts to examine options for reducing the size of salmon fleets, throughout the year, by participating in meetings of the Bristol Bay Fisheries Committee (sponsored by the Bristol Bay Native Association); in November at Fish Expo, by participating in a panel sponsored by individual fishers and United Fishermen of Alaska (UFA) as well as another panel organized by fishers to discuss permit stacking and IFQ’s in the salmon fisheries; and in December, by joining the UFA in organizing and participating in a statewide teleconference among fishers to discuss various options identified by the UFA and Representative Drew Scalzi for reduction of effort in the salmon fisheries.

One option the Commission put before fishers in its *Outline of Options for Fleet Consolidation in Alaska’s Salmon Fisheries* (1998) was the formation of cooperatives. In December, the Commission submitted comments to the Board of Fisheries in response to proposal 105 to allow Chignik permit holders to form a cooperative with a quota authorized by the Board of Fisheries and to designate a limited number of catching vessels. Although the Commission raised issues for the Board to address (namely, exclusive area registration and reporting on fish tickets), the Commission told the Board the proposal did not create an issue under the Limited Entry Act that would require action by the Entry Commission.

Adjudications

OVERVIEW




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 four 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.

ADMINISTRATIVE PROCEEDINGS AND DECISIONS

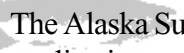
 The Adjudications section's staff issued 97 decisions in 2001: 64 permit applications, 25 permit transfers, and 8 miscellaneous issues. At the end of the year, 256 entry permit application cases were pending before hearing officers.

The commissioners adjudicated a total of 108 cases during 2001: 71 permit applications, 27 permit transfers, 1 fee arrearage, and 9 miscellaneous issues. At the end of the year, 166 cases were pending before the commissioners.

The Commission's web site includes information about the number of limited entry permit applications pending in the adjudication process for each fishery. The web site (www.cfec.state.ak.us) also has synopses of specific Commission decisions on entry permit applications.

**THE COMMISSION'S
WEB SITE INCLUDES
INFORMATION ABOUT
THE NUMBER OF
LIMITED ENTRY PERMIT
APPLICATIONS PENDING
IN THE ADJUDICATION
PROCESS FOR EACH
FISHERY.**

JUDICIAL RULINGS AND APPEALS

 The Alaska Supreme Court issued two decisions on limited entry permit application cases during 2001.

In *Leuthe v. State, CFEC*, 20 P.3d 547 (Alaska 2001), the court upheld the CFEC's refusal to accept a permit application that Leuthe attempted to file three years after the application deadline.

In *Estate of Basargin v. State, CFEC*, 31 P.3d 796 (Alaska 2001) the court affirmed CFEC's denial of Basargin's point claims for unavoidable circumstances, investment in vessel and gear and income dependence. The court also rejected Basargin's claim that he was not given a meaningful opportunity to be heard because he presented his case, with counsel, to a hearing officer and again in oral appearances before the commissioners.

Licensing

OVERVIEW



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

The Licensing section serves as a 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, Licensing staff maintain contact 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 Program (LLP), Individual Fishing Quota (IFQ) and Community Development Quota (CDQ) programs.


In addition to keeping up with additional licensing responsibilities associated with new regulatory developments, Licensing staff must also respond to thousands of information requests annually with current 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.

As of the end of 2001, the total number of permits and vessel licenses issued decreased slightly from the 2000 season. The decrease may be partially attributed to fisheries in which the annual licensing requirements have been waived due to season long closures and nontransferable permits lapsing due to nonpayment for a two year period.

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

NEW DEVELOPMENTS

USE OF CREDIT CARDS




In 2001, the Licensing section began taking credit cards for renewal of permit cards and vessel licenses. This service allows Licensing staff to renew permits and vessels in an expedited manner providing fishers with a faster turnaround time.

The Commission is working to provide on-line licensing to commercial fishers in the future.

NEW LIMITED ENTRY PERMITS

SOUTHEAST DIVE FISHERY APPLICATION PERIODS



During 2001, the Commission held application periods for the Southeast Alaska geoduck and sea cucumber dive fisheries. The Licensing section issued 37 permanent entry permits to qualified applicants in the geoduck fishery and 383 permanent entry permits to qualified applicants in the sea cucumber fishery by the end of 2001. Additional information on these fisheries can be found in the “Decisions and Activities” section of this report.

DEMERIT POINTS



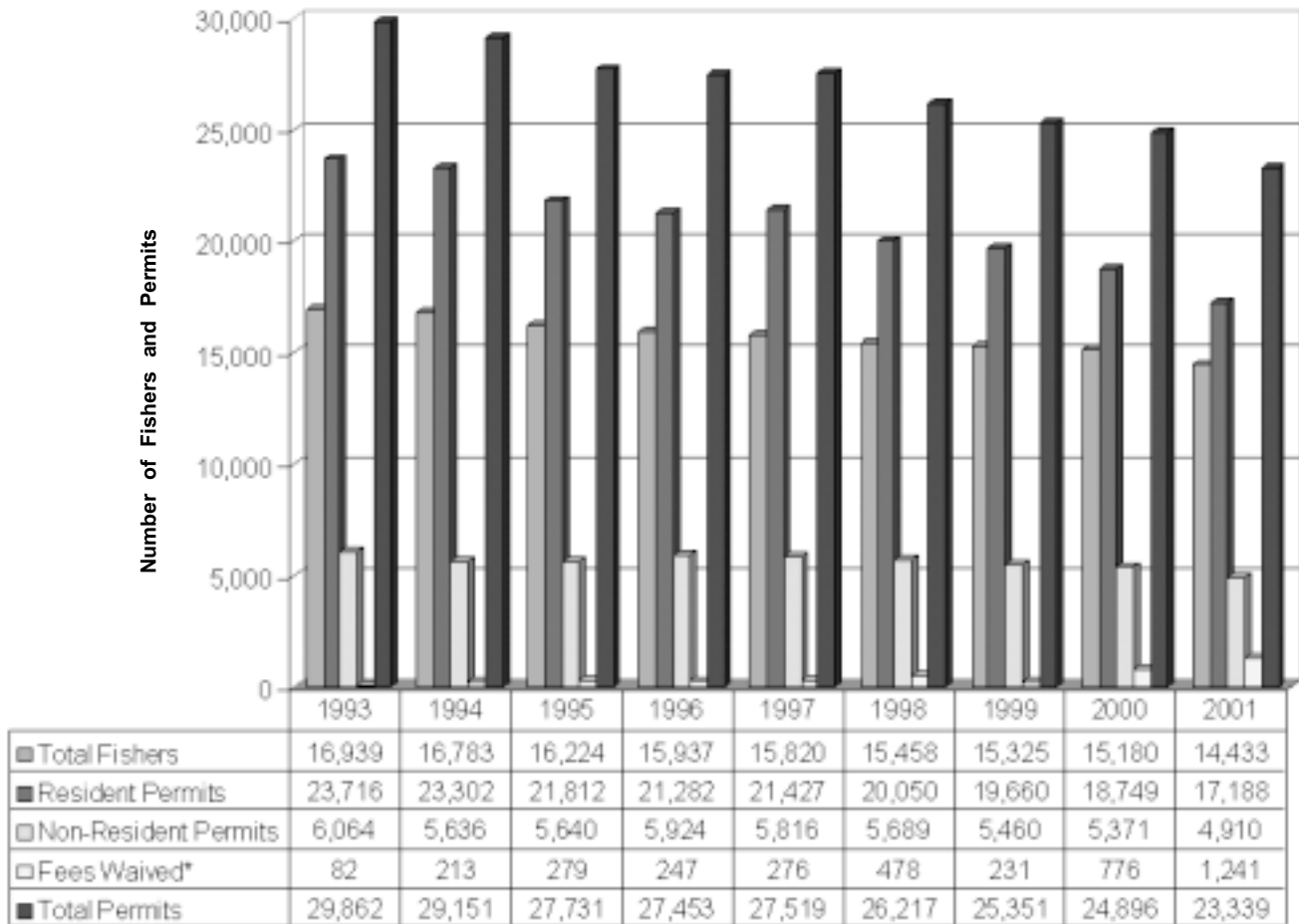
In 1998, the Alaska Legislature enacted a law, AS 16.43.850-16.43.895, which established a demerit point system for suspending commercial fishing privileges based on convictions of fishing violations in the salmon fisheries. Under this law, the Commission must suspend a salmon permit holder's commercial 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 four years, the Commission has issued demerit points to 272 fishers and suspended one salmon permit in Bristol Bay. Most of the demerit points assessed have been for violations occurring in Bristol Bay.



Courtesy of Richard I. Eliason, Jr.

PERMITS ISSUED BY LICENSE YEAR

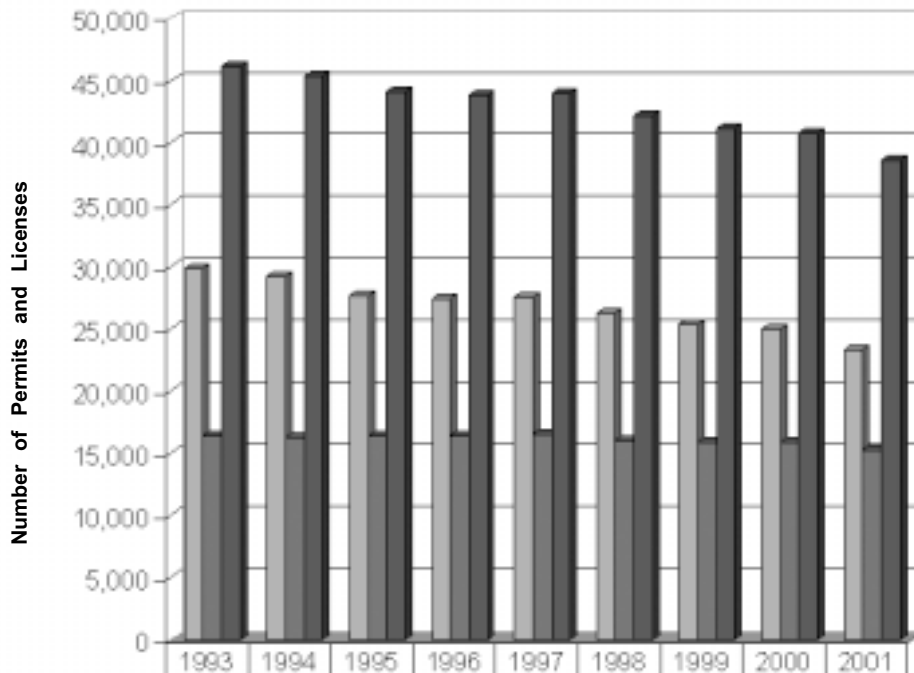


Licensing year refers to the fishing year for which the license or permit is issued, regardless of when it was issued. Number of permits is higher than number of fishers as some individuals hold permits in more than one fishery. Breakdown between resident/non-resident determined by resident category of fees paid. Data include permits issued in both open access fisheries and limited fisheries. Includes only permits with fees paid by 12/31/2001 or fees waived.

* Number of permits issued for which the Commission waived fees due to fishery not opening.

(From CFEC report B1440P-C Includes interim-use, interim-entry, permanent, moratorium and moratorium vessel permits)

FISHING PERMITS AND VESSEL LICENSES ISSUED BY LICENSE YEAR



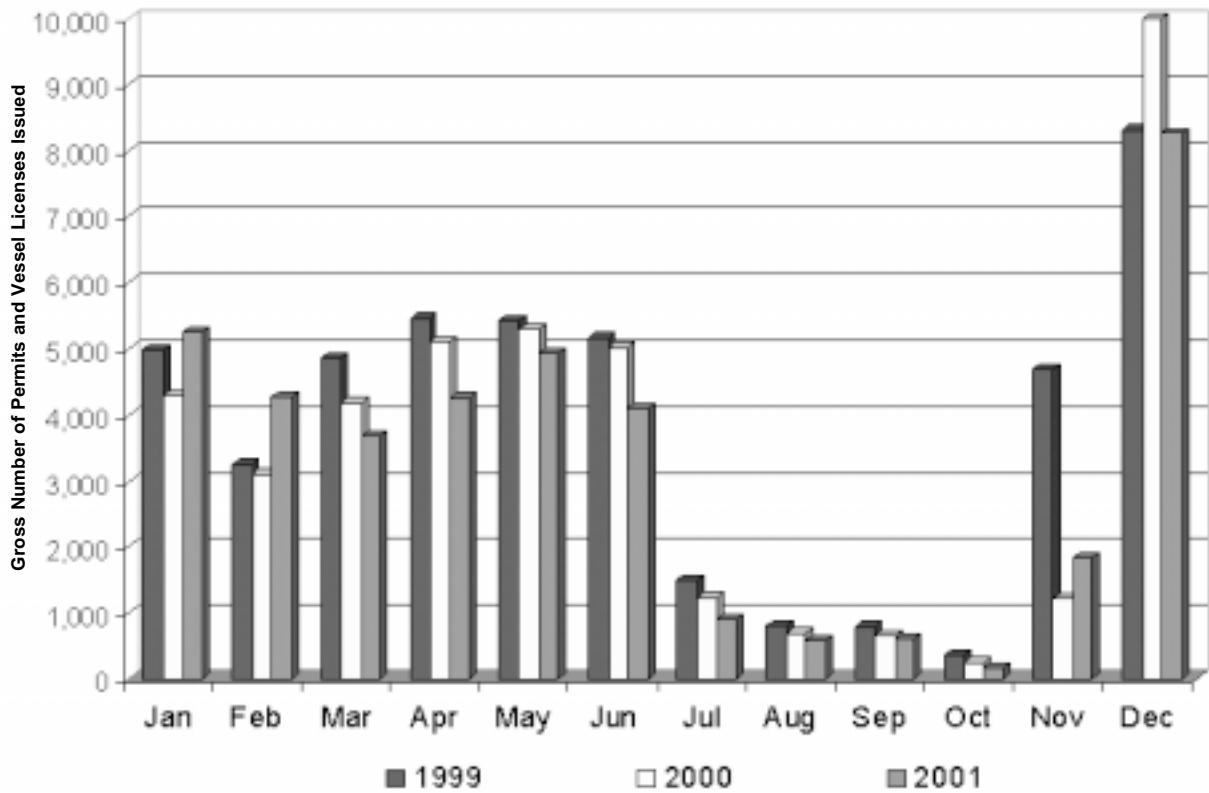
	1993	1994	1995	1996	1997	1998	1999	2000	2001
Total Fishing Permits	29,862	29,151	27,731	27,453	27,519	26,217	25,351	24,896	23,339
Total Vessel Licenses	16,276	16,257	16,276	16,325	16,442	15,959	15,849	15,843	15,177
Total Permits and Licenses	46,138	45,408	44,007	43,778	43,961	42,176	41,200	40,739	38,516

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.

Includes only permits with fees paid by 12/31/2001 or fees waived.

(From CFEC report B1440P-C includes interim-use, interim-entry, permanent moratorium and moratorium vessel permits)

PERMIT AND VESSEL LICENSES ISSUED BY MONTH



(From CFEC reports B1430P-A and B2430P-A)

PERMIT TRANSFER REQUESTS



During 2001, the Commission reviewed 1,845 requests for permanent and emergency transfers of permits. These included 843 emergency transfer requests and 1,002 permanent transfer requests. A breakdown of transfer requests by type of transfer is shown below:

PERMANENT TRANSFER REQUESTS IN 2001

STANDARD TRANSFERS APPROVED	903
SURVIVORSHIP TRANSFERS TO SPOUSE APPROVED	35
FORECLOSURE TRANSFERS BY LOAN AGENCIES APPROVED	20
TOTAL APPROVED	958
DENIED TRANSFERS	28
WITHDRAWN TRANSFER REQUESTS	16
TOTAL REVIEWED	1,002

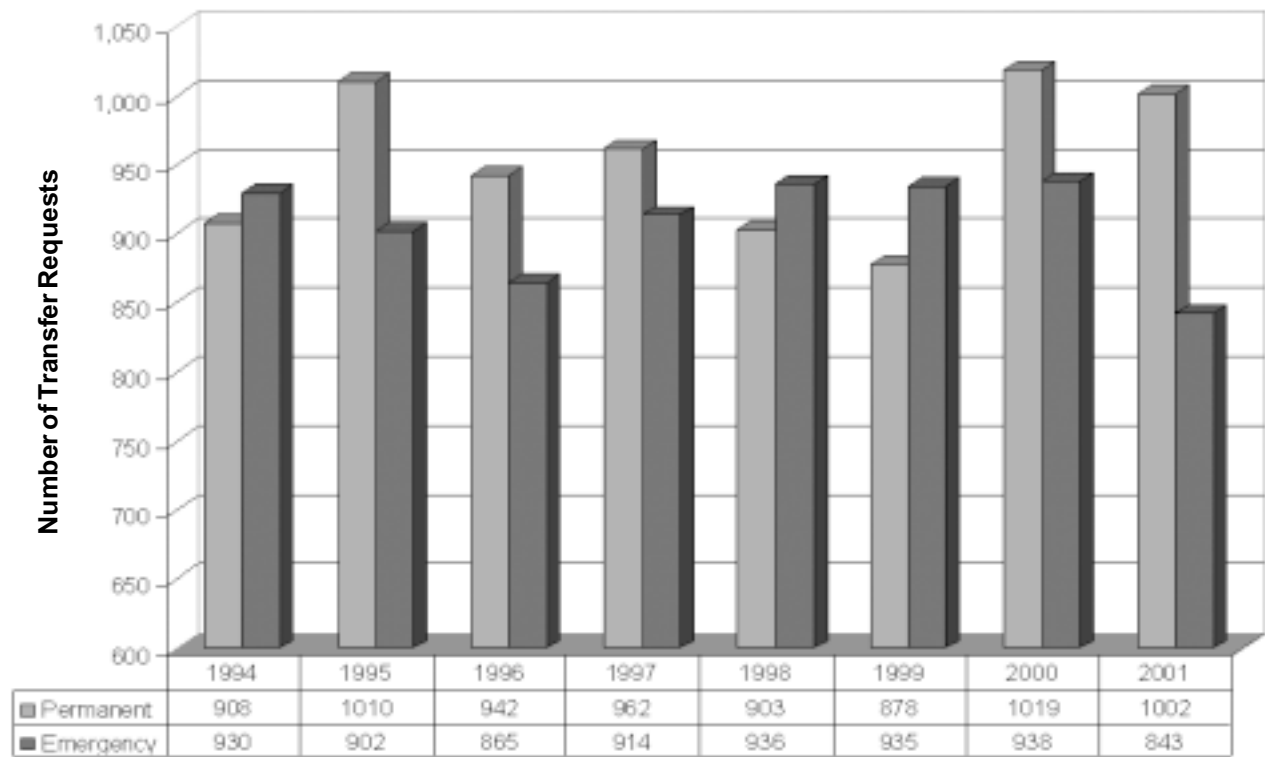
EMERGENCY TRANSFER REQUESTS IN 2001

EMERGENCY TRANSFER REQUESTS REVIEWED IN 2001	843
EMERGENCY TRANSFER REQUESTS APPROVED IN 2001	787

ALL TRANSFERS REVIEWED IN 2001

ALL TRANSFER REQUESTS REVIEWED IN 2001	1,845
--	-------

PERMANENT AND EMERGENCY PERMIT TRANSFER REQUESTS



(From CFEC reports B1420P-A and B1425P-C, E, J)

VESSEL LICENSE FEES



Below is a chart showing the number of vessel licenses issued for each fee category during the 2001 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 2001
A - 25' and under	\$20	6,558	\$131,160
B - over 25' - 50'	\$50	6,951	\$347,550
C - over 50' - 75'	\$100	929	\$92,900
D - over 75' - 150'	\$250	486	\$121,500
E - over 150' - 250'	\$500	93	\$46,500
F - over 250'	\$750	29	\$21,750
TOTAL		*15,046	\$761,360

* Includes all vessel licenses issued in calendar year 2001 without regard to license year. Thus, these numbers will differ from the numbers reported by license year.

(From CFEC report B0110P-A)

LICENSING ACTIVITY - 2001 LICENSING YEAR

Limited Entry Permits <i>Not</i> Renewed	1,077
Limited Entry Permits with Fees Waived*	1,241
Limited Entry Permits Revoked or Lapsed (since 1975)	1,118
Limited Entry Permits Renewed	12,484
Interim-use Permits in Fisheries Under Limitation or Moratoria	484
Interim-use Permits in Open-to-Entry Fisheries	9,128
Special Harvest Area (Hatchery) permits	20
Educational Entry Permits	0
Vessel Permits**	2

* 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

Research

OVERVIEW



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 2001, 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 staff 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 2001 Research activities.

LIMITATION STUDIES AND NEWLY LIMITED FISHERIES



In 2001, the Commission's Research staff examined several fisheries in response to limitation petitions or concerns received from fishers or fishery managers. The Commission often receives petitions or other requests when a fishery is facing increasing fishing pressure and conservation concerns.

When such requests are received, the Commission conducts research to determine if access restrictions are needed and to evaluate whether limited entry would produce significant management, conservation, and economic benefits. During 2001, the Commission's Research staff produced some in-house reports on fisheries of concern. Most of these reports contain confidential data and are not available for public distribution.

As noted earlier in this report, in May 2001 the Commission proposed limited entry for the Kodiak food and bait herring fisheries. Public hearings were held

on the proposals in Kodiak and Juneau. On July 19, 2001 the Commission adopted regulations limiting entry into the two fisheries. The Kodiak food and bait herring gillnet and seine combined fishery was limited with a maximum number of five and the Kodiak food and bait herring trawl fishery was limited with a maximum number of four. The qualification date for these two fisheries is January 1, 2001.

POINT SYSTEMS FOR NEWLY LIMITED FISHERIES



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.

As discussed earlier in the report, the Commission’s Research staff did the priority testing and analyses necessary to develop point system proposals for the newly limited Kodiak food and bait herring trawl fishery and the Kodiak food and bait herring gillnet and seine combined fishery. The Commission proposed point system regulations on November 9, 2001 and adopted point systems for these fisheries on December 27, 2001 following a public comment period. These regulations will become effective in early 2002 and an application period for entry permits is scheduled for the spring of 2002.

**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.**

OPTIMUM NUMBERS AND FLEET REDUCTIONS



During the past decade, a number of factors, including the growth of farmed salmon production, have had negative impacts on the ex-vessel prices of Alaska salmon. The continued decline in ex-vessel salmon prices during 2001 was very tough on many salmon fishers and their families. In some salmon fisheries, substantial numbers of permits were not fished because of the poor economic returns.

The continued economic decline in the salmon fishery has led to an active dialogue among fishers and many creative ideas for changing or restructuring the industry. The Commission participated at public forums at the Fish Exposition in Seattle in November 2001. Some persons at these forums expressed the need for dramatic changes. Ideas for reducing harvesting costs included forming cooperatives to harvest the resource with less capital and labor, permit stacking alternatives, in-season individual fishing quotas, private permit buybacks, and government buyback programs.

The Commission is committed to providing information to assist fishing groups, the public, and policy makers as fleet consolidation issues are explored and options are considered.

The Commission is open to any proposal that could lead to improvements over the current situation. Nevertheless, the viability of different alternatives for industry restructuring may ultimately 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 (1988).

At the end of 2001, the Commission decided to undertake an optimum number study for the Bristol Bay salmon drift gillnet fishery. The Research section will begin work on this study in 2002.

OTHER PROJECTS AND REPORTS



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 2001.

Changes In The Distribution Of Alaska's Commercial Fisheries Entry Permits, 1975-2000. (01-1N) by A. Tingley, K. Iverson, N. Free-Sloan, and S. Moreland.

Executive Summary - Changes In The Distribution of Alaska's Commercial Fisheries Entry Permits, 1975-2000. (01-1N-EXEC) by K. Iverson, A. Tingley, N. Free-Sloan, and S. Moreland.

Changes In Rural Local Entry Permit Holdings from 1975 through 2000 with Special Emphasis on the Bristol Bay Salmon Fisheries. (01-2N) by N. Free-Sloan.

Harvest and Gross Earnings By District and Residency for the Bristol Bay Salmon Drift and Set Gillnet Fisheries, 1986-2000. (01-3N) by N. Free-Sloan.

The Kodiak Tanner Crab (C. Bairdi) Fishery, 1985-2001 (01-4N) by K. Iverson.

Note: These reports are available on the CFEC web site (www.cfec.state.ak.us). Hard copies may be obtained from the Commercial Fisheries Entry Commission, Research Section, 8800 Glacier Highway #109, Juneau, AK 99801.



Courtesy of the Alaska Seafood Marketing Institute

Revenue

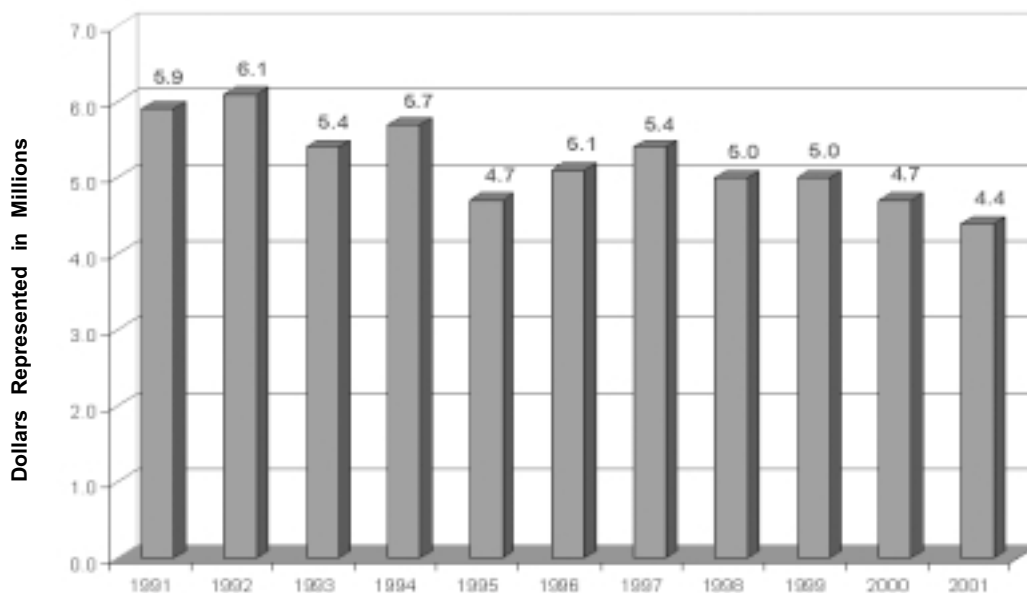
OVERVIEW



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 2001 (July 1, 2000 - June 30, 2001) was about \$4.4 million, down by \$382,700 from fiscal year 2000.

The revenue generated by the Commission continues to exceed the amount of funding 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



Courtesy of the Alaska Seafood Marketing Institute
Credit: Tony Lara

Appendices

LIST OF EMPLOYEE NAMES AND INTERNET ADDRESSES 32

DECISIONS AND ACTIVITIES, CALENDAR YEARS 1997-2000 33



Courtesy of the Alaska Seafood Marketing Institute

Employee Names and Internet Addresses *

Commissioners

Marlene Johnson	Commissioner	Marlene_Johnson@cfec.state.ak.us
Mary McDowell	Commissioner	Mary_McDowell@cfec.state.ak.us
Bruce Twomley	Chairman	Bruce_Twomley@cfec.state.ak.us

Adjudications

Frank Glass	Adjudications Project Leader	Frank_Glass@cfec.state.ak.us
David A. Ingram	Hearing Officer III	Dave_Ingram@cfec.state.ak.us
Jim Bowen	Hearing Officer II	Jim_Bowen@cfec.state.ak.us
Joyce James	Hearing Officer II	Joyce_James@cfec.state.ak.us
Doug Rickey	Comm. Decision Drafter	Doug_Rickey@cfec.state.ak.us
Susan Haymes	Law Specialist II	Susan_Haymes@cfec.state.ak.us
Dorothy Frary	Managing Paralegal	Dorothy_Frary@cfec.state.ak.us
Jackie Audap	Paralegal I	Jackie_Audap@cfec.state.ak.us
Beccy Kalwara	Comm. Secretary II	Beccy_Kalwara@cfec.state.ak.us

Data Processing

Roger Kolden	Data Processing Project Leader	Roger_Kolden@cfec.state.ak.us
Mark Neyhart	Analyst Programmer V	Mark_Neyhart@cfec.state.ak.us
Don Huntsman	Analyst Programmer V	Don_Huntsman@cfec.state.ak.us
Laura Joralemon	Analyst Programmer V	Laura_Joralemon@cfec.state.ak.us
Mykel George	Analyst Programmer IV	Mykel_George@cfec.state.ak.us
Joe Kollar	Analyst Programmer I	Joe_Kollar@cfec.state.ak.us
Peggy Mattson	Publication Specialist	Peggy_Mattson@cfec.state.ak.us
Brant Oliphant	Analyst Programmer III	Brant_Oliphant@cfec.state.ak.us
Shirley Penrose	Administrative Officer	Shirley_Penrose@cfec.state.ak.us
Jim Siercke	Analyst Programmer II	**
Heather Sikes	Administrative Officer	**

Licensing

Karen Wells	Licensing Project Leader	Taffy_Wells@cfec.state.ak.us
Elerene McClure	Transfer Officer	Elerene_McClure@cfec.state.ak.us
Karil Miller	Comm. Fish Permit Clerk V	Karil_Miller@cfec.state.ak.us
Yvonne Miller	Comm. Fish Permit Clerk IV	Yvonne_Miller@cfec.state.ak.us
Lorraine Murray	Comm. Fish Permit Clerk III	Lorraine_Murray@cfec.state.ak.us
Jill Wood	Comm. Fish Permit Clerk III	Jill_Wood@cfec.state.ak.us
Denise Nakachi	Comm. Fish Permit Clerk II	Denise_Nakachi@cfec.state.ak.us
Paul Overturf	Comm. Fish Permit Clerk I	**
Jessica Quick	Comm. Fish Permit Clerk I	Jessica_Quick@cfec.state.ak.us

Research and Planning

Kurt Schelle	Research & Planning Project Leader	Kurt_Schelle@cfec.state.ak.us
Nancy Free-Sloan	Research Analyst III	Nancy_Free-Sloan@cfec.state.ak.us
Kurt Iverson	Research Analyst III	Kurt_Iverson@cfec.state.ak.us
Al Tingley	Research Analyst III	Al_Tingley@cfec.state.ak.us
Stefanie M. Carlson	Economist II	Stefanie_Carlson@cfec.state.ak.us

* 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

CALENDAR YEAR 2000

- Conducted research, held public hearings, and adopted regulations limiting entry into Southeast Alaska sea urchin and sea cucumber dive fisheries.
- Conducted research, held public hearings, and adopted regulations establishing point systems for the Southeast Alaska sea urchin, sea cucumber and geoduck clam dive fisheries.
- Received 90 applications for the Southeast Alaska sea urchin dive fishery. Completed final adjudication of 82 of the applications and issued 76 limited entry permits.
- Conducted a public comment period and adopted a regulation establishing an optimum number for the Northern Southeast Inside sablefish longline fishery.
- The legislature adopted HB 429 which extended the vessel moratoria in the Bering Sea Korean hair crab fishery and the Alaska weathervane scallop fishery until July 1, 2003 and July 1, 2004, respectively.
- Completed and published a report discussing the issue of transferability of limited entry permits.
- 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 the state against elimination of non-resident fee differential in the *Carlson* case.

CALENDAR YEAR 1999

- 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 the state against elimination of non-resident fee differential in the *Carlson* case.

CALENDAR YEAR 1998

- 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 the state against elimination of non-resident fee differential in the *Carlson* case.

CALENDAR YEAR 1997

- 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 the state against elimination of non-resident fee differential in the *Carlson* case.

YEARS PRIOR TO 1997

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



Courtesy of the Alaska Seafood Marketing Institute



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

