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of **ALASKA**
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Commercial Fisheries Entry Commission

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To: Glenn Haight, Executive Director
Alaska Board of Fisheries
Alaska Department of Fish & Game

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From: Bruce Twomley, Chairman
Benjamin Brown, Commissioner
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Alaska Commercial Fisheries Entry Commission

Subject: Proposals 211, 212, and 213 for the
2014/2015 Southeast and Yakutat
finfish meeting

This memorandum provides comments on three finfish proposals that the Alaska Board of Fisheries (Board) will consider at their upcoming February 2015 meeting in Sitka.

In addition to these comments, CFEC has submitted a report that we anticipate will help the Board. Titled *CFEC Permit Holdings, Harvests, and Estimated Gross Earnings in the Yakutat and Southeast Alaska Salmon Fisheries* (CFEC Report No. 15-01N), the report provides summary information on entry permit holdings, fishery participation, and ex-vessel earnings in each of the Southeast Alaska and Yakutat salmon fisheries.

Proposals 211 and 212 both address “permit stacking” in the Yakutat salmon set gillnet fishery. Proposal 213 seeks to change the harvest reporting requirements on fish tickets.

Proposals 211 and 212

In a permit stacking operation, a single permit holder is allowed to increase the amount of gear he or she fishes by holding two separate permits (note this is different than a dual permit operation, which occurs when two persons fish together on one boat, each holding their own permit).

Outside of the Yakutat area, regulations currently allow permit stacking only in the Cook Inlet salmon set gillnet fishery. Formerly, regulations allowed permit stacking in the Bristol Bay (2010-2012) and Kodiak (2008-2010) salmon set gillnet fisheries.

Proposal 211 would repeal the December 31, 2014, sunset clause on permit stacking in the Yakutat fishery and presumably reinstate the former regulation, which allowed stacking in three

select locations in the Yakutat area. Under the regulations, stacking in two of the allowable areas was restricted by the escapement level of Chinook salmon in the nearby Situk River.

Proposal 212 would authorize permit stacking and expand the areas where it is allowed to include the entire Yakutat management area. There is no mention in Proposal 212 of tying permit stacking to Situk River Chinook escapements.

With respect to each of these proposals, we urge caution. We acknowledge the potential economic benefits of one person fishing two complements of gear, and we recognize the conveniences that fishing families might receive by allowing one family member to hold two permits.

However, we also note that permit stacking is a salmon restructuring concept that does not reduce the amount of gear fished in a district. Moreover, it allows a certain amount of consolidation of fishing permits and effort with no apparent gains in resource conservation or fishery management. Permit stacking often brings other consequences the Board might want to consider.

Our analysis of permit stacking in Bristol Bay, Kodiak, and Cook Inlet suggests that this type of regulation could create new markets for limited entry permits, and possibly increase demand and raise the prices for permits. In theory, obtaining a second permit for a stacked operation would tend to favor individuals who have easier access to financial capital. There is evidence that permit stacking may have resulted in higher permit prices in the Bristol Bay set gillnet fishery when it was allowed during the 2010-2012 period.¹

Data from the Bristol Bay, Kodiak, and Cook Inlet set gillnet fisheries indicate a drop in the number of new entrants (persons who participate for the first time as a permit holder) in the fisheries during the years when permit stacking was implemented.² The data also show a substantial number of stacked permit operations are formed when the operator obtains his/her second permit from an individual who emergency transfers a permit to them temporarily.³

An important caveat to these observations is the uncertainty of whether they would also hold true for a permit stacking scenario in the Yakutat area. During the 2012-2014 period when stacking was allowed on a limited basis in Yakutat, two individuals each formed stacked permit operations for part of the season in 2012, and three individuals each stacked permits in 2013.⁴ If the Board adopts Proposal 211, with the same restrictions as before, that pattern of low participation in stacking might continue, and the changes associated with permit stacking that occurred in other parts of the state might not happen.

¹ Gho, Marcus; *Bristol Bay Set Gillnet Permit Stacking*, CFEC Report No. 12-02N.

² Id. also see, *Kodiak Salmon Set Gillnet Permit Stacking*, CFEC Report No. 13-4N, and *Overview of Permit Holdings, Harvests, and Estimates of Gross Earnings in the Cook Inlet Salmon Set Gillnet Fishery, 1975-2012*, CFEC Report No. 13-2N.

³ Id.

⁴ These figures are derived by cross-referencing ADF&G fish tickets with the CFEC permit database. A “stacked permit operation” is one where an individual: a) held 2 Yakutat set gillnet permits in-season, and b) recorded landings on at least one of the permits.

Proposal 213

Proposal 300 appears to allow Yakutat salmon set gillnet permit holders who fish jointly with other permit holders the opportunity to record their harvests on fish tickets in a manner that does not accurately reflect the actual harvest of each individual unit of gear.

This proposal may conflict with State law. AS 16.05.690 (b) states:

(b) A person may not knowingly enter false information on a fish ticket or supply false information to a person who is recording information on a fish ticket.

This statute supports the premise that accurate reporting of an individual permit holder's harvest is important for a variety of reasons that go beyond in-season fisheries management or resource conservation. For example, fish ticket data is routinely used by the US Internal Revenue Service (IRS) and the state Child Support Services Division (CSSD) to verify participation and earnings from fisheries.

For all fisheries, we advocate strongly for accurate accounting of data on fish tickets. This includes set gillnet or other operations where multiple permit holders work in tandem or cooperatively. We acknowledge the conveniences that Proposal 213 may bring to permit holders. However, balanced with the important needs of keeping accurate fish ticket data for individual fishermen, we cannot support this proposal.