

Can a permit holder transfer a permit to whom ever he or she wishes?

The transferee must be qualified under the law to receive the permit. Among other things, the transferee must be physically capable of participating in the fishery and also meet the minimum age requirements. An heir who is not physically able to participate in the fishery may inherit a permit.

Are there any special provisions for transfers between family members or business partners?

All permanent transfers must meet the same requirements. However, recurrent transfers between partners and family members may be more easily explained to the Commission, provided the full terms of any agreements are disclosed to the Commission.

Why would the Commission question the terms of a permit transfer?

The Commission is required to be sure that transfers are in compliance with the law. For example, the Limited Entry Act prohibits leasing an entry permit, so the Commission would question any transfer that gave the appearance of a lease.

Can a permit be transferred to someone else if the permit holder dies?

Transferable limited entry permits survive the death of the permit holder. Under Alaska law, a permit may be transferred directly to the surviving spouse. Alternatively, the permit holder may file a form designating the person he or she wishes to receive the permit. However, if the spouse is surviving, he or she would take precedence over the designated recipient. If there is no spouse or designated recipient, the permit becomes part of the estate and the estate representative would have authority to transfer the permit. While the estate is being settled, the estate representative may emergency transfer the permit each year.

What reasons are allowable for emergency transfers?

Limited entry permits may be emergency transferred if the permit holder is prevented from fishing due to illness, disability, death, required military or government service, or other unavoidable hardship of a temporary, unexpected and unforeseen nature. A permit holder choosing to do something else rather than fish is not entitled to an emergency transfer. If the basis for an initial emergency transfer continues through the following year, the Commission will grant an emergency transfer for the second year. After the second year, the Commission will grant an emergency transfer if a new unavoidable hardship prevents the permit holder from fishing or if the basis for the first emergency transfer persists and the permit holder demonstrates extraordinary circumstances. Our regulations provide examples of extraordinary circumstances.

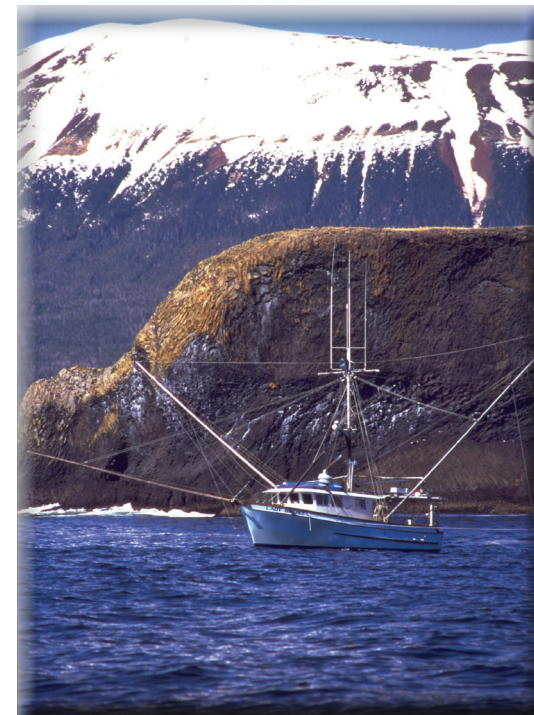


This summary information is presented as a courtesy by the Commercial Fisheries Entry Commission but does not modify or replace the agency's statutory requirements in AS 16.43 or regulatory requirements in Chapter 5 of Title 20, Alaska Administrative Code.

Photos courtesy of the Alaska Seafood Marketing Institute.

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Permit Transfers



Commercial Fisheries Entry Commission

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Are there different types of transfers?

The Limited Entry Act provides for two types of permit transfers: permanent and emergency. A permanent transfer changes the ownership of the permit to a new person, while an emergency transfer allows the permit to be temporarily fished by someone other than the permit holder. Transferable limited entry permits can be permanently transferred or emergency transferred. Nontransferable limited entry permits cannot be permanently transferred and while emergency transfers may be requested, there are only certain situations in which an emergency transfer can be approved.

Why are some permits nontransferable?

Nontransferable limited entry permits are issued to applicants whose applications have been classified at the minor economic hardship level. These permits are valid for the holder's lifetime, as long as they are renewed each year, but they cannot be permanently transferred.

How can a buyer be sure a permit is valid, has no liens, and that the transfer will be approved by CFEC?

If the buyer contacts the Commission with the permit number, we will check our records to determine if there are any obvious problems with a transfer of the permit. It is also recommended the buyer contact the IRS to verify there are no outstanding federal tax liens against the permit holder or past holders of the permit.

How can a permit holder permanently transfer a permit to someone else?

The permit holder must first file the *Notice of Intent to Permanently Transfer Entry Permit* form. There is a 60-day waiting period from the date the Commission receives this form before a permanent transfer may be completed. The permit holder and transferee must then complete the *Request for Permanent Transfer of Entry Permit*

form. This form must be signed and notarized by both parties. In addition to the transfer form, a copy of the transfer agreement, bill of sale, partnership agreement, or written statement of terms, and a transfer processing fee must be submitted.



What is the purpose of the 60-day waiting period?

The legislature required the 60-day waiting period so that permit holders would have time to carefully consider their long term needs before they permanently transferred away their right to fish.

Is it possible to get the names of permit holders who have filed a "Notice of Intent to Permanently Transfer Entry Permit" form?

The Commission maintains a list of persons who have filed a *Notice of Intent to Permanently Transfer Entry Permit* form and have asked for their information be made public. It is available on our website at: www.cfec.state.ak.us

Can the "Request for Permanent Transfer of Entry Permit" form be completed and sent in before the 60-day waiting period is over?

The *Request for Permanent Transfer of Entry Permit* form may be submitted during the waiting period. The Commission will review the paperwork and notify the parties if there are any problems. The Commission will hold the paperwork until the 60-day waiting period is over and then complete the transfer.

What is the best way to locate a buyer or seller for a permit?

Permits are frequently advertised by various media sources. Permits may also be located through permit brokers or on our website if the owner has requested that the information be made public.

How can permit purchases be financed?

The Limited Entry Act prohibits permits from being pledged, leased, mortgaged, encumbered or transferred with any retained right of repossession. The permit itself cannot be used as collateral for a loan. Two exceptions to this rule are loans financed by the State of Alaska, Division of Economic Development (CED) or by the Alaska Commercial Fishing and Agriculture Bank (CFAB). These two agencies are authorized under Alaska Statute to take a limited entry permit as security for a loan they extend.

Can the seller finance the sale of a permit?

The seller can finance the sale, however, the seller cannot place a lien on the permit or retain any right to repossess it. The buyer cannot be required to transfer the permit back if the buyer fails to make a payment. The Commission would likely question a transfer back to the seller to ensure there was no violation of the Limited Entry Act.

Does the Commission handle the financial transaction as well as the transfer of the permit?

The Commission is not involved in the exchange of funds. The buyer and seller may elect to use a broker, an attorney or other party to help manage the funds. Generally an escrow account is set up where the funds are held until the Commission approves the transfer.

Can the Commission provide names of people interested in buying permits?

The Commission does not maintain a list of potential buyers.