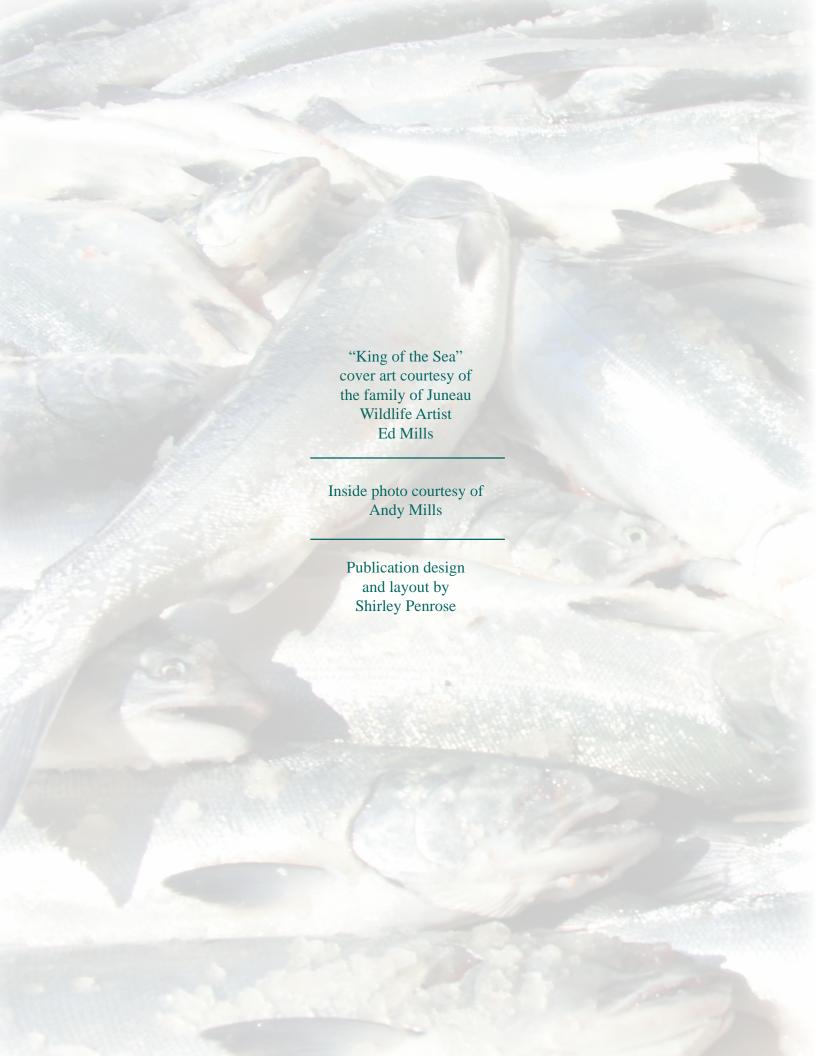


Commercial Fisheries
Entry Commission
2008 Annual Report









STATE OF ALASKA COMMERCIAL FISHERIES ENTRY COMMISSION 2008 ANNUAL REPORT

Dear Governor, Legislators, and Fellow Alaskans:

We are pleased to submit the Commercial Fisheries Entry Commission's 2008 Annual Report, pursuant to AS 16.43.980.

Following years of disastrous salmon seasons and several failed attempts to limit access to Alaska's salmon fisheries, Alaska voters, in 1972, approved a constitutional amendment authorizing limitation of entry to commercial fisheries. In 1973, the Alaska Legislature enacted the Limited Entry Act creating a system for limiting the number of participants in Alaska's commercial fisheries and establishing the Commercial Fisheries Entry Commission to implement and administer the program.

During 2008, the Commission issued more than 29,000 annual fishing permits and vessel licenses, reviewed more than 1,900 transfer requests, and issued 77 adjudicatory decisions. As of the end of 2008, there were 83 cases were before the Commission at various stages of adjudication.

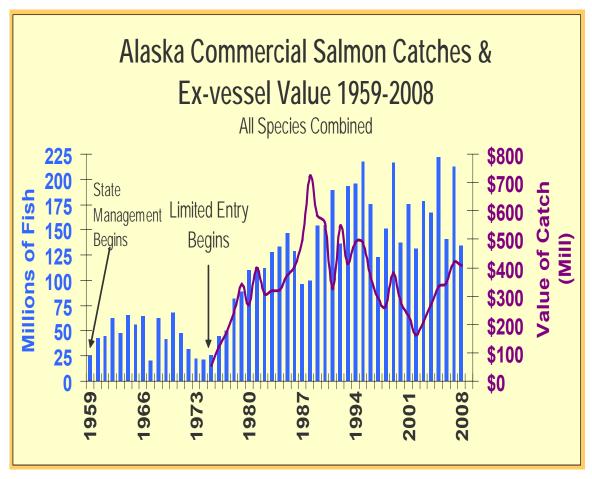
Working with the Legislature, the Administration, and the fishing industry in 2008, the Commission continued to provide fisheries data, as well as information concerning options, statutory tools, and protections needed to meet the challenges facing Alaska's evolving fisheries. The Commission also continued to work closely with fishermen, organizations, communities, state and federal agencies, the Alaska Board of Fisheries, and the North Pacific Fisheries Management Council on issues of importance to Alaska's commercial fishing industry.

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

Sincerely,

COMMERCIAL FISHERIES ENTRY COMMISSION Frank Homan, Chairman Peter Froehlich, Commissioner Bruce Twomley, Commissioner





Millions of fish (bars)

Value of catch (line)





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 (ADF&G) 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 please write:

- ADF&G ADA Coordinator, P.O. Box 115526, Juneau, AK 99811-5526
- U.S. Fish and Wildlife Service, 4401 N. Fairfax Drive, MS 2042, Arlington, VA 22203
- Office of Equal Opportunity, U.S. Department of the Interior, 1849 C Street NW MS 5230, Washington DC 20240.

The department's ADA Coordinator can be reached via phone at the following numbers:

- (VOICE) 907-465-6077
- (Statewide Telecommunication Device for the Deaf) 1-800-478-3648
- (Juneau TDD) 907-465-3646
- (FAX) 907-465-6078

For information on alternative formats and questions on this publication, please contact the Commercial Fisheries Entry Commission at (907) 789-6160.

Commercial Fisheries Entry Commission

State of Alaska

Governor Sarah Palin

Commissioners Frank Homan, Chairman

Peter Froehlich, Commissioner

Bruce Twomley, Commissioner

Adjudications Frank Glass, Project Leader

Information

Technology Ty McMichael, Project Leader

Licensing Yvonne Miller, Project Leader

Research Kurt Schelle, Project Leader

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Introduction

The commercial fishing industry is a major component of Alaska's statewide economy and is the economic backbone of Alaska's coastal communities. Our seafood industry is one of the state's largest sources of private sector jobs. The Alaska Commercial Fisheries Entry Commission (CFEC or Commission) plays an essential management role in developing and sustaining Alaska's billion dollar fishing industry.

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 Information Technology (see chart on page 3).

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 administers applications 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 commercial vessels as required to legally participate in the state's commercial fisheries;
- Issues vessel permits in two fisheries under vessel-based limitations;
- Processes requests for emergency and permanent transfers of entry and interim-use permits and compiles data on 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;
- 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.

Since 1973, the Commission has limited entry into 68 of Alaska's fisheries. The Commission continues to receive petitions for the limitation of additional fisheries and works with fishermen and the Department of Fish and Game to analyze these requests.

The percentage of limited entry permits held by Alaska residents has remained relatively stable. Thirty-five years after enactment of Alaska's Limited Entry Act, Alaskans hold about 77% of all limited entry permits. At the end of 2008, Alaskans held 11,072 permanent limited entry permits, with rural Alaskans holding more than half of that number.



For calendar year 2008, the Commission issued more than 29,000 permanent permits, interim-use permits, and vessel licenses and reviewed more than 1,900 permit transfer requests. In fiscal year 2008 (July 1, 2007 to June 30, 2008), the Commission collected nearly 6 million dollars in revenues for the state.

The economic challenges facing the salmon industry have generated substantial 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 (see Decisions and Activities section for more information, page 4).

By working with other state and federal agencies throughout 2008, the Commission con-

tinued to help Alaska fishermen protect their fishing privileges. For example, during 2008, the Commission worked with the Southeast Revitalization Association (SRA) assisting their efforts to implement a permit buyback program for the Southeast Alaska purse seine salmon fishery. In the initial phase of the fleet reduction program, 35 southeast seine permits were relinquished. More permit purchases in this fishery are planned for future years.

ALASKA'S FISHING INDUSTRY IS
VITAL TO THE STATE'S ECONOMY
AND PROVIDES AN IMPORTANT
FOOD SOURCE TO THE WORLD.
ALASKANS MUST ENSURE THAT
OUR FISHERIES ARE DEVELOPED
WISELY AND SUSTAINED THROUGH
SOUND MANAGEMENT.

In addition to working with policy makers, agencies, fisheries organizations, and individual fishermen on the many pressing issues facing the fishing industry, the

Commission continues to perform its primary functions of limiting fisheries, licensing fishermen and vessels, adjudicating claims, performing critical research, and providing data to governmental agencies, private organizations and the general public.

Major decisions and activities of the Commission in 2008 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 that 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.



Organization by Function

COMMERCIAL FISHERIES ENTRY COMMISSION

COMMISSIONERS

Frank Homan, Chairman Peter Froehlich, Commissioner Bruce Twomley, Commissioner

> Shirley Penrose Administrative Officer Personnel, Payroll, Travel, Accounting, Purchasing, Property/Supply Management, and Budget Development

ADJUDICATIONS	Licensing	Research	Information
			TECHNOLOGY
Frank Glass	Yvonne Miller	Kurt Schelle	
Project Leader	Project Leader	Project Leader	Ty McMichael
			Project Leader
• Application Processing	• Entry and Interim-use	• Fisheries Data	
and Classification	Permit Renewal	Collection	 Licensing Systems
 Administrative 	Vessel Licensing	Economic Profiles	Fisheries Database
Hearings			1 isheries Database
•	 Permanent and 	 New Limitations 	Technology Develop-
 Case Management 	Emergency Transfers	Research	ment for Adjudications
. Danisiana an Claima	Permanent File	Dui anitas Handalain	and Research
 Decisions on Claims 	Management	• Priority Hardship ("Point" System)	A T 1 1 1
• Preparation of Official	Management	Development and	Agency Technical Support
Record in Judicial	Revenue Accounting	Testing	Support
Appeals			Website Design and
11		Optimum Number	Maintenance
 Residency and Fraud 		Research	
Investigations			
	l	l	I

Decisions and Activities

STATEWIDE WEATHERVANE SCALLOP AND BERING SEA HAIR CRAB VESSEL LIMITATION

In 2002, the legislature amended AS 16.43 to authorize the use of a vessel-based program in the scallop and hair crab fisheries because of resource conservation concerns and adopted a sunset date of December 30, 2008. In 2003, the Commission limited entry into the Bering Sea hair crab fishery under a vessel-based limited entry program, and, in 2004, the Commission did the same for the statewide weathervane scallop fishery.

In 2008, the legislature passed SB 254 (Chapter 69, SLA 2008) which extended the sunset date for these two fisheries to December 30, 2013.

SPORT FISH GUIDE TASK FORCE

Since 2006, Commissioner Twomley has participated as a member of the Alaska Department of Fish and Game, Sport Fish Division's Sport Fish Guide Task Force, which met several times during 2008. The Task Force originally explored possibilities for limiting entry among sport fish guides but was confronted by a number of state constitutional and other legal issues arising from dissimilarities between the sport fish guide industry and the commercial fisheries for which Alaska's limited entry program was designed. In late November of 2007, the Task Force decided to consider creation of a Sport Fish Guide Services Board (similar to the Big Game Commercial Services Board) to increase professional standards within the industry and to slow down current growth in the sport fish guide industry. During 2008, the Sport Fish Division and members of the Task Force conducted a number of public meetings throughout the state on the idea of a Sport Fish Guide Services Board. For more information, see the Sport Fish website at www.sf.adfg.state.ak.us/statewide/guides/GSoecIssues.cfm.

ONLINE LICENSING SYSTEM

In November 2008, the Commission launched a new online permit and vessel license renewal service. Permit holders can renew permit and vessel licenses at the Commission's web site: www.cfec.state.ak.us.

Within just a few weeks of the November 24, 2008 start, more than 1,000 renewal transactions had been completed. Alaskans representing every region of the state have successfully used the online system.

In addition to direct access by personal computer, the Commission established online renewal kiosks at Alaska Department of Fish and Game (ADF&G) offices in Anchorage, Sitka, and



Kodiak, where the public can renew permits and vessel licenses online. The Commission plans to expand this service to other Fish and Game offices in 2009.

OTHER ISSUES

On January 30, 2008, Commissioner Bruce Twomley reported on the status of permit adjudications for the Northern Southeast Inside sablefish fishery at the Alaska Department of Fish and Game's NSEI Sablefish Fishery Industry Meeting.

In February, 2008, Commissioner Peter Froehlich met with representatives of Alaska's congressional delegation and the State of Alaska office in Washington D.C. to discuss federal legislation affecting Alaska's commercial fisheries.

In March 2008, Research Project Leader, Kurt Schelle attended an Alaska Board of Fisheries meeting in Anchorage addressing ecotourism issues.

In April 2008, Commissioner Peter Froehlich and Research Project Leader Kurt Schelle participated in an Alaska Board of Fisheries Restructuring Committee meeting in Anchorage addressing restructure proposals affecting commercial salmon fisheries.

ORITIZE THE PROCESSING
OF THESE APPLICATIONS,
ENSURING FISHERMEN THE
MEANS TO PARTICIPATE IN
THEIR FISHERIES.

CFEC'S NEW "APPLI-

CATION FOR IMMEDIATE

FISHING" FORM ENABLES
LICENSING STAFF TO PRI-

In October, by request, Commissioner Twomley appeared in Anchorage before the Joint Cook Inlet Salmon Task Force (chaired by Representative Craig Johnson) to report on buy-back of limited entry permits under the Limited Entry Act.

On November 13, 2008, Chairman Frank Homan presented "Commercial Fishing: Overview of the Industry" at the 2008 Southeast Alaska Native Summit. The summit was held in Juneau on November 12-14, 2008.

On November 15, 2008, Commissioner Bruce Twomley and Research Project Leader, Kurt Schelle participated in a public meeting conducted by the Alaska Department of Fish and Game on the creation of a Sport Fish Guide Services Board.

Adjudications

OVERVIEW

The Adjudications Section evaluates, classifies and adjudicates applications for limited entry permits. Permit applicants are classified and ranked against each other under point systems that measure each applicant's past participation and economic dependence on a fishery. Entry permits are issued first to applicants shown by their point levels to be most dependent on a fishery and then to applicants at successively lower classification levels, until a maximum number of permits for the fishery has been issued.

Adjudication functions are performed by two paralegals, two hearing officers and the Commissioners. The paralegals evaluate entry permit applications and make the initial determination accepting, denying or classifying each application. 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 also be requested if the Commission's Licensing Section denies requests for emergency transfers or permanent transfers 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 and hearings on their own motion or upon the request of an affected party, and may take formal action to modify, reverse or affirm the decisions.

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

COMMISSION HEARING OFFICERS CONDUCT AD-MINISTRATIVE HEARINGS AND ISSUE DECISIONS BASED ON THE RECORD.

Administrative Proceedings and Decisions

The Adjudications staff issued 25 decisions in 2008. Ten decisions were issued on permit applications, 13 on permit transfers and 2 on miscellaneous matters such as refunds and demerit points. At the end of the year, 33 entry permit application cases were pending before hearing officers.

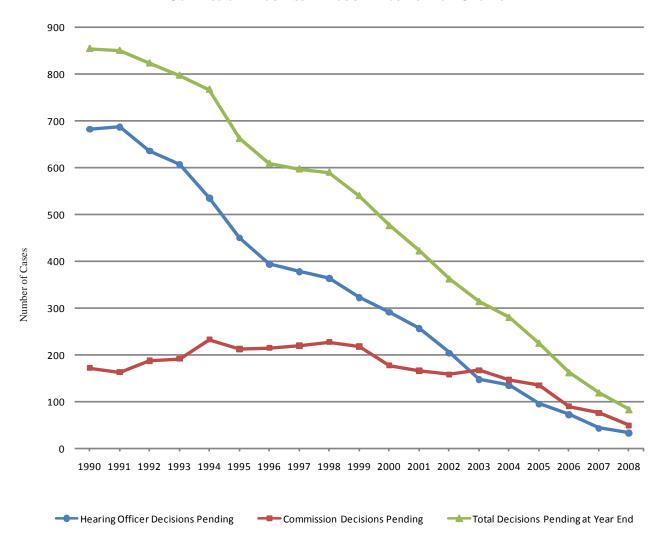
The Commissioners adjudicated a total of 52 cases during 2008. Thirty-nine cases were adjudicated on permit applications, 12 on permit transfers and 1 on a miscellaneous matter. At the



end of the year, 50 entry permit application cases were pending before the Commissioners.

By the end of 2008, Commissioners and Hearing Officers made substantial progress through the Commission's adjudication caseload. Looking back to 1990, as the result of the Wassillie settlement (authorizing hundreds of new applications in the salmon fisheries) and a series of Alaska Supreme Court cases during the 1980s, the Commission's caseload had risen to nearly 900 cases. Additionally, since 1990, the Commission has been required by statute to limit 26 additional fisheries generating thousands of new applications for entry permits. From 1990 through 2008, the Commission issued over 1,800 final decisions, thereby deciding cases at a rate faster than applicants filed new appeals and reducing its caseload to 83.

COMMISSION PROGRESS THROUGH ADJUDICATION CASELOAD



COURT DECISIONS

In *Wilber v. State*, CFEC, 187 P.3d 460 (Alaska 2008), the Alaska Supreme Court upheld the point system the CFEC adopted when limiting the Southeast Alaska geoduck clam dive fishery. The court said that the CFEC acted within its statutory authority when it combined a short, four-day opening in January 1996 with all of the 1995 openings as a single period for allocating participation credit.

In *Nelson v. State*, CFEC, 186 P.3d 582 (Alaska 2008), the Alaska Supreme Court upheld CFEC decisions that a father and son failed to prove that they were misadvised by CFEC that they could not each hold an interim-use permit for the same fishery in the same year. The court also upheld the CFEC's denial of their extraordinary circumstances claim, affirming that failure to have the appropriate gear to use in the fishery did not amount to an extraordinary circumstance.



Photo Courtesy of the Alaska Seafood Marketing Institute







Information Technology

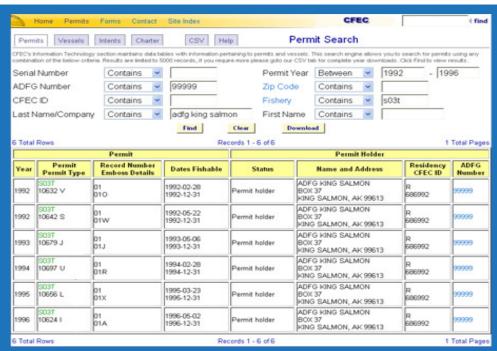
OVERVIEW

The Information Technology Section (IT Section) is responsible for all technology infrastructure, including networking and desktop hardware for all internal and external technical support, maintenance, reporting of data and application development. The IT section maintains a small, but responsive staff that must be flexible and capable in several disciplines. Working closely with the Licensing and Research Sections, IT's primary duty is to manage the incoming and outgoing data integrity, and to ensure reliable and timely access for several private sector and government agencies, as well as the general public.

CFEC has continued, this last year, in its attempt to upgrade, modernize and standardize CFEC infrastructure in accordance with state standards. The Commission has very little legacy hardware remaining, and now operates a very efficient and modern infrastructure with sufficient emergency power. The result is a more stable and reliable network environment, as witnessed by its performance and customer availability.

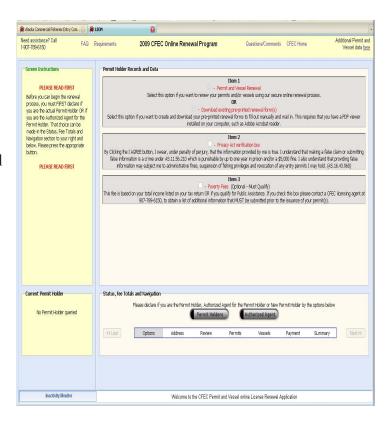
With the increased use of the eLandings system throughout Alaska's fisheries, IT completed a project to create and distribute magnetic stripes on CFEC's permit card, allowing easy integration for permit holders, processors and data specialists throughout both state and federal agencies to participate in centralized data collection and reporting. CFEC continues to play a vital role in electronic reporting and the IT staff will continue to be flexible in their approach to agency integration and cooperation.

SAMPLE OF DATA SEARCH



In 2008, the IT staff completed and deployed a web-based application for permit and vessel on-line renewals. This represents CFEC's first major effort to bring 24-hour self-service to customers, and give them the flexibility to manage their permits and vessels throughout the year, at any time, with any standard web browser. Initial response has been very favorable and the IT Section will continue to develop this application to increase its usefulness for the Alaska fishing community.

Functionality of CFEC's on-line permit and vessel database has increased, in 2008, and so has the traffic. CFEC's web site allows members of the general public to perform ad hoc queries of permit, vessel, and intent to transfer data, and allows those queries to be downloaded in editable Microsoft Excel files. This service has received tremendous interest and is now a mainstay to CFEC's web offerings. A secure version of this site, including both confidential and general information, has been made available to qualifying agencies. These developments have freed CFEC staff from the burden of completing these tasks manually, and increased production and efficiency. For example, the Division of Investments directly uses the site to retrieve information necessary for loan applications.



The Information Technology Section also maintains the Commercial Fisheries Entry Commission (CFEC) web site. The site, located at http://www.cfec.state.ak.us provides many useful links to both fisherman and the general public for information purposes. With security and privacy in mind, all of the data we collect are available to the general public in various formats and combinations, located under easy-to-understand headers. Along with the data, the system also provides easy download capabilities of all CFEC forms and regulations, links to public information releases, CFEC annual reports and much more. The site is constantly updated, and available.

The Information Technology Section of CFEC will continue to pursue new and more efficient means to serve the industry and the general public.



WEBSITE STATISTICS

Summary by Month										
	Daily Avg			Monthly Totals						
Month	Hits	Files	Pages	Visits	Sites	KBytes	Visits	Pages	Files	Hits
Dec 2008	10,930	8,331	3,546	479	6,026	17,054,664	14,869	109,951	258,278	338,833
Nov 2008	10,938	8,510	4,148	450	5,681	16,526,259	13,501	124,447	255,319	328,148
Oct 2008	10,080	7,700	3,072	415	5,964	16,669,509	12,882	95,233	238,728	312,484
Sep 2008	9,707	7,179	3,017	399	5,730	15,253,948	11,974	90,537	215,385	291,224
Aug 2008	9,118	7,130	2,478	407	56,144	17,600,802	12,639	78,636	221,043	282,663
Jul 2008	10,173	7,836	3,174	484	6,957	14,739,005	15,008	98,420	242,926	315,390
Jun 2008	11,368	8,359	3,052	592	9,055	16,237,997	17,768	91,574	250,781	341,068
May 2008	11,338	8,285	3,593	986	10,544	15,214,133	30,584	111,388	256,846	351,499
Apr 2009	11,646	8,706	3,355	934	9,974	15,420,970	28,037	100,672	261,189	349,397
Mar 2008	10,406	7,829	3,053	684	8,759	13,082,298	21,227	94,661	242,729	322,606
Feb 2008	10,945	7,939	3,582	521	6,842	12,502,809	15,109	103,897	230,241	317,433
Jan 2008	11,264	8,391	4,381	777	7,139	14,515,913	24,091	135,831	260,147	349,207
Totals						184,818,307	217,689	1,235,247	2,933,612	3,899,952

WEBSITE STATISTICS CHART HEADINGS

"Files" represent the total number of hits that actually resulted in something being sent back to the user. Not all hits will send data, such as 404-Not Found requests and requests for pages that are already in the browser's cache.

Tip: By looking at the difference between hits and files, you can get a rough indication of repeat visitors, as the greater the difference between the two, the more people are requesting pages they already have cached (have viewed already).

"Sites" is the number of unique IP addresses/hostnames that made requests to the server. Care should be taken when using this metric for anything other than that. Many users can appear to come from a single site, and they can also appear to come from many IP addresses, so it should be used simply as a rough gauge of the number of visitors to the server.

"Visits" occur when a remote site makes a request for a page on the server for the first time. As long as the same site keeps making requests within a given timeout period, they will all be considered part of the same visit. If the site makes a request to the server, and the length of time since the last request is greater than the specified timeout period (default is 30 minutes), a new visit is started and counted, and the sequence repeats. Since only pages will trigger a visit, remotes sites that link to graphic and other non-page URLs will not be counted in the visit totals, reducing the number of false visits.

"Pages" are those URLs that would be considered the actual page being requested, and not all of the individual items that make it up (such as graphics and audio clips). Some people call this metric "page views" or "page impressions."

A "KByte" (KB) is 1024 bytes (1 Kilobyte). This measure is used to show the amount of data that was transferred between the server and the remote machine, based on the data found in the server log.



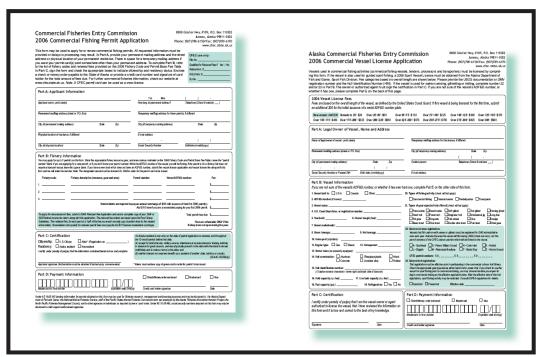
[&]quot;Hits" represent the total number of requests made to the server during given time period.

BROCHURES AND FORMS

The brochures shown below are on our website in PDF format. To view or download, go to http://www.cfec.state.ak.us/Publications/brochures.htm.



Applications and other forms can also be downloaded from our website at http://www.cfec.state.ak.us/mnu_Forms.htm



Please note: You must have Adobe Reader installed on your computer to view our brochures, applications and other forms. The Adobe reader software is available as a free download at http://www.adobe.com/products/acrobat/readstep2.html



Licensing

OVERVIEW

The Licensing Section is responsible for issuance of annual permit and vessel licenses required for participation in Alaska's commercial fisheries. The Section strives to provide commercial fishermen 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 processing of emergency and permanent transfers.

The Licensing Section serves as a source of information for commercial fishermen about laws and regulations affecting the fishing industry. Besides keeping current with 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 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, to implement new types of licensing mechanisms, and to accommodate regulatory changes by the Board of Fisheries, and federal agencies to create or revise moratoria or restricted access programs such as License Limitation (LLP), Individual Fishing Quota (IFQ), and Community Development Quota (CDQ) programs.

While 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 Information Technology Section, the Licensing Section is continually streamlining procedures, automating processing wherever possible, and looking for innovative ways to efficiently meet the ever-increasing informational demands.

CHANGES IN 2008

In November 2008, a new online licensing system was launched on the Commission's website. By the end of the year, Commission staff renewed 1,572 licenses for 2008, and 3,525 licenses for 2009, through the online system. Online renewal kiosks were set up at Alaska Department of Fish and Game offices in Kodiak, Anchorage and Sitka, so fishermen could have easy access to the online licensing system.

In September 2007, the Commission adopted 20 AAC 05.425(e) and (f), which implemented the Immediate Fishing Application. A fisherman who has not renewed the current year license(s) may use this form to fish the same day, and for up to 14 days until they receive their card. In 2008, licensing staff processed 184 Immediate Fishing Applications.

Also in September 2007, the Commission adopted 20 AAC 05.1910(j), which allowed for processing express or priority mail for a permit and/or vessel. In 2008, 1,026 permit holders took advantage of this service.

In addition to the annual base fee all permit holders must pay to obtain or renew a permit, nonresidents are required to pay a nonresident surcharge on the first permit renewed or obtained for the year. The surcharge is calculated every three years according to a formula adopted pursuant to the Supreme Court ruling in *Carlson v. State*, CFEC, 919 P.2d 1337 (Alaska 1996) (Carlson II), and State, *CFEC v. Carlson*, 65 P.3d 851 (Alaska 2003) (Carlson III). The nonresident surcharge for 2007 - 2009 is \$105.

PERMIT TRANSFERS FOR FLEET CONSOLIDATION

In 2002, the Legislature passed HB 286, which allowed holders of salmon permits to hold two permits in a given fishery for the purpose of fleet consolidation but did not allow additional fishing privileges for those holding a second permit. The Commission adopted regulations to implement this new ability to hold two permits in a salmon fishery.

THE COMMISSION
ISSUED 29,628 ANNUAL
FISHING PERMITS AND
VESSEL LICENSES FOR
THE 2008 LICENSE
YEAR AND REVIEWED
1,946 PERMIT
TRANSFER REQUESTS.

In 2006, the Alaska legislature passed HB 251, which gave the Alaska Board of Fisheries (Board) the legal

authority to adopt regulations that would give persons who hold two salmon entry permits for the same fishery additional fishing privileges. In 2008, the Board used this new authority to adopt regulation 5 AAC 18.331(j) which allows a person who holds two Kodiak salmon set gill net permits to utilize an additional amount of gear.

The number of persons holding two permits in the Kodiak salmon set gill net fishery increased in 2008, due to the new regulation. This regulation will sunset December 31, 2010 unless additional action is taken by the Board. At the end of 2008, 87 fishermen held two permits for the same salmon fishery; this occurred in 14 different salmon fisheries.

DEMERIT POINTS

In 1998, the Alaska Legislature enacted AS 16.43.850-16.43.895, which established a demerit point system for suspending commercial fishing privileges based on convictions for 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. Between 1998 and 2008, the Commission has issued demerit points to 839 fishermen and



two Bristol Bay salmon drift gillnet permits have been suspended - one in 1999 and one in 2007. The majority of the demerit points assessed have been for violations occurring in the Bristol Bay salmon drift gillnet fishery.

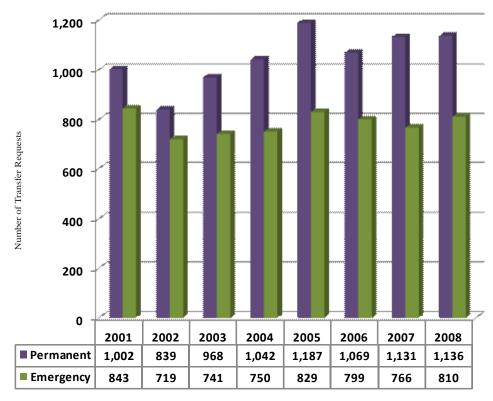
VESSEL ENTRY PERMITS

In 2002, Alaska's Legislature authorized vessel limited entry programs for the Bering Sea hair crab and weathervane scallop fisheries. Staff issued the first vessel entry permits in 2005. To date, 21 vessel entry permits have been granted. In 2008, the legislature amended the sunset date for these vessel entry permit programs to expire the end of 2013, unless reauthorized by the legislature.

PERMIT TRANSFER REQUESTS

During 2008, the Commission reviewed 1,946 requests for permanent and emergency transfers of permits. These included 810 emergency transfer requests and 1,136 permanent transfer requests. A breakdown of transfer requests over the last 8 years by type of transfer is shown in the graph below.





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

PERMANENT TRANSFER REQUESTS IN 2008

Standard transfers approved	
Survivorship transfers to spouse approved	
Foreclosure transfers by loan agencies approved	
Total approved	83
Transfers denied	
Withdrawn transfer requests	
Total reviewed	36
EMERGENCY TRANSFER REQUESTS IN 2008	
Emergency transfer requests approved	
Emergency transfer requests denied	
Emergency transfer requests withdrawn	
Total Reviewed	310
TOTAL TRANSFER REQUESTS REVIEWED IN 2008	1 94



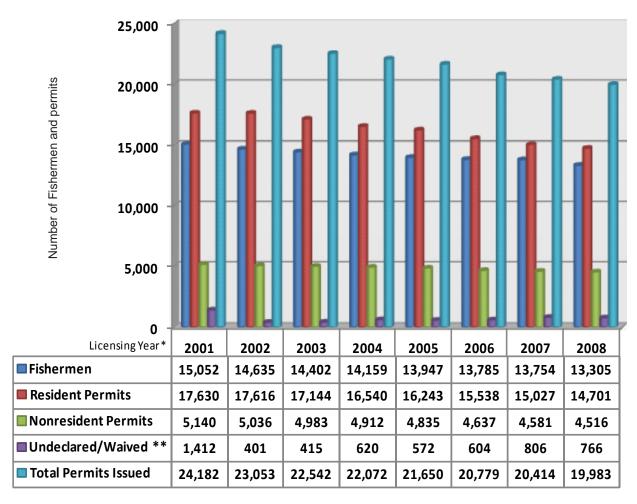
Photo Courtesy of the Alaska Seafood Marketing Institute



PERMITS AND LICENSES ISSUED

The following graphs provide data on permits and vessel licenses by year:

Permits Issued by License Year



(From CFEC report B1440P-C. Includes Interim-Use, Interim-Entry ***, Entry and Vessel Entry Permits)

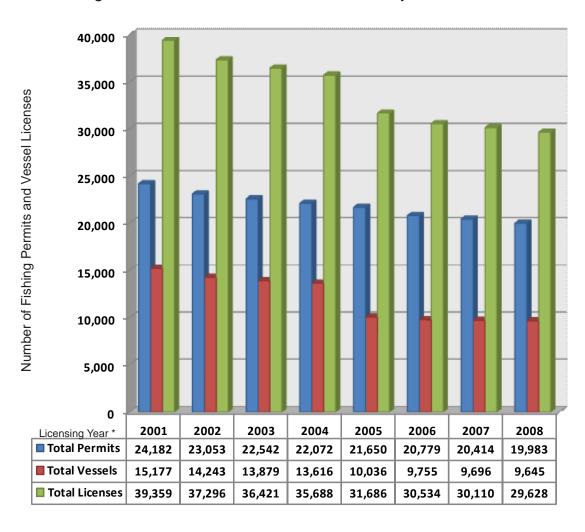
The numbers of permits in this table are preliminary and may increase further due to late renewals of entry permits. Numbers of permits are higher than number of fishermen, as some individuals hold permits in more than one fishery. Annual renewal fees for entry permits must be paid unless waived by the Commission. Failure to renew an entry permit for a period of two years from the year of last renewal can result in forfeiture of the entry permit. Data for 2006 and 2007 revised from earlier annual reports.

* License year refers to the fishing year for which the license or permit is issued, regardless of when fees were paid. Breakdown between resident/nonresident determined by resident category of fees paid.

Data include permits issued in both open access fisheries and limited fisheries where fees were paid or waived by 9/21/2009.

- ** Number of permits for which the Commission waived fees due to administrative closure of a fishery for the entire season.
- *** "Interim-Entry" permit refers to an Interim-Use permit issued to an applicant for a permanent limited entry permit in a limited fishery.

Fishing Permits and Vessel Licenses Issued by License Year



(From CFEC report B1440P-C. Includes Interim-Use, Interim-Entry **, Entry and Vessel Entry Permits)

The numbers of permits in this table are preliminary and may increase further due to late renewals of entry permits. Numbers of permits are higher than number of fishermen, as some individuals hold permits in more than one fishery. Annual renewal fees for entry permits must be paid unless waived by the Commission. Failure to renew an entry permit for a period of two years from the year of last renewal can result in forfeiture of the entry permit. Data for 2006 and 2007 revised from earlier annual reports.

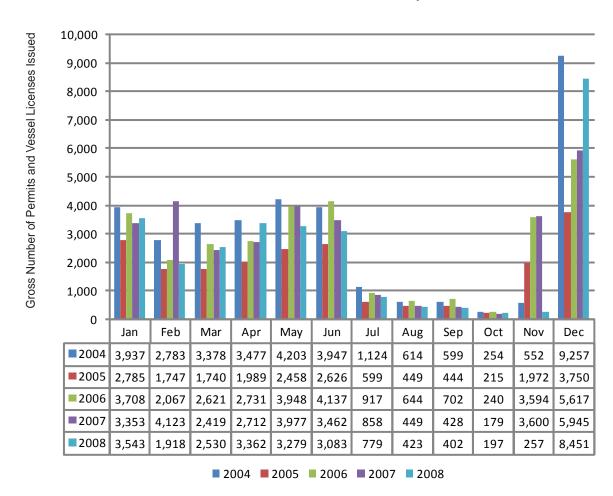
Data include permits issued in both open access fisheries and limited fisheries where fees were paid or waived by 9/21/2009.

** "Interim-Entry" permit refers to an Interim-Use Permit issued to an applicant for a permanent limited entry permit in a limited fishery.



^{*} License year refers to the fishing year for which the license or permit is issued, regardless of when fees were paid. Breakdown between resident/nonresident determined by resident category of fees paid.

Permit and Vessel Licenses Issued by Month





SUMMARY OF PERMITTING ACTIVITY - 2008 LICENSING YEAR

Limited Entry Permits Renewed
Limited Entry Permits Not Renewed by end of 2008
Limited Entry Permits with Fees Waived *
Limited Entry Permits Revoked or Lapsed (since 1975)2,035
Interim-Use Permits Issued in Fisheries Under Limitation
Interim-Use Permits Issued in Open-to-Entry Fisheries
Special Harvest Area (Hatchery) Permits Issued
Educational Entry Permits Issued
Mariculture Permits Issued 11
Vessel Entry Permits Renewed
Vessel Permits Not Renewed by end of 2008
Vessel Permits with Fees Waived*

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

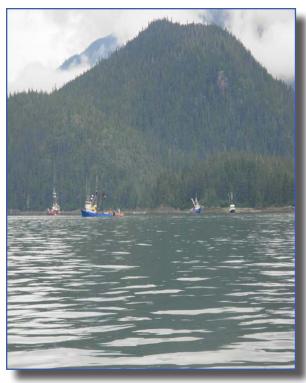




VESSEL STATISTICS

FEE CATEGORY BASED ON	LICENSING	NUMBER OF
OVERALL LENGTH OF VESSEL	FEE	VESSELS LICENSED
Vessels to 25'	\$24.00	3,135
Over 25' to 50'	\$60.00	5,258
Over 50' to 75'	\$120.00	753
Over 75' to 100'	\$225.00	189
Over 100' to 125'	\$300.00	157
Over 125' to 150'	\$375.00	52
Over 150' to 175'	\$450.00	35
Over 175' to 200'	\$525.00	27
Over 200' to 225'	\$600.00	9
Over 225' to 250'	\$675.00	5
Over 250' to 275'	\$750.00	7
Over 275' to 300'	\$825.00	4
Over 300'	\$900.00	14
Totals		9,645





Photos Courtesy of Beccy Charles

Research

OVERVIEW

The Research Section provides the fishery limitation studies and economic analyses needed by the Commission. Working with the IT section, the Research Section also produces basic economic data on Alaska's fisheries. The Research Section issues both standard and specialized research reports. The Commission's studies, analyses, data and research reports have been used to help inform a wide range of fishery issues.

In 2008, the Commission's Research staff was involved in many projects. These projects included efforts to monitor trends in Alaska's fisheries, to evaluate the need for access controls in particular fisheries, and to provide other agencies and users with needed data and analyses.

The following paragraphs provide some highlights of 2008 Research activities.

NEW LIMITATIONS

There were no new fisheries limited in 2008. The Research staff analyzed and evaluated some unlimited fisheries and produced some internal confidential briefing reports. Other unlimited fisheries were monitored through basic statistical reports. However, the Commission did not propose any new limited entry programs in 2008.

The Twenty-Fifth Alaska legislature extended the "sunset date" for the Alaska weathervane scallop and Bering Sea hair crab vessel-based limited entry programs during its second session in 2008. These programs were due to expire on December 30, 2008. HCS SB 254(FIN) (efd am H) amended the effective date under sec.28, ch.137, SLA 2002 to extend the expiration dates for these two programs to December 30, 2013 (Chapter 69, SLA 2008 effective 6/5/08). The Commission provided the legislature with data and reports on these two programs throughout their deliberations.

OPTIMUM NUMBERS AND SALMON RESTRUCTURING

The Commission did not make any new optimum number proposals during 2008. The Commission adopted an optimum number range for the Bristol Bay salmon drift gill net fishery in 2005, and is continuing to consider how best to promote a reduction in the number of units of gear in the fishery to a more optimal level. The issue of fleet consolidation remains controversial.

¹ The reports are confidential because, under the law, some of the data cannot be released to the public.



In 2006, the Alaska legislature passed HB 251 which gives the Alaska Board of Fisheries (Board) the legal authority to adopt regulations that would give individuals who hold two salmon entry permits for the same fishery additional fishing privileges. The bill provides a new mechanism for creating incentives to promote fleet consolidation in order to improve economic returns in the salmon fisheries.

In 2008, the Board used this new authority to adopt regulation 5 AAC 18.331(j) which allows a person who holds two Kodiak salmon set gill net permits to utilize an additional amount of gear. This regulation has been in effect for the 2008 and 2009 seasons and several persons have taken advantage of it. The regulation will expire on December 31, 2010 unless extended by Board action.

In 2008, the Southeast Revitalization Association (SRA) conducted a permit buy-back program in the Southeast Alaska salmon purse seine fishery which resulted in the purchase and relinquishment of 35 entry permits to the Commission. The SRA is a qualified salmon fishery association formed under

THE COMMISSION IS OPEN TO ANY PROPOSAL THAT WOULD LEAD TO IMPROVE-MENTS FOR ALASKA SALMON FISHERMEN AND THEIR FAMILIES.

the authority of AS 16.40.250 for the purpose of fleet consolidation. The SRA buy-back program was federally financed using appropriations from the Pacific Coast Salmon Recovery Fund. The buy-back was conducted using a reverse auction system to achieve the greatest reductions in permits with the available funding of \$2,872,746. The Commission worked with the SRA to help facilitate the fleet reduction process.

The Commission remains committed to help fishing groups, the public, the Alaska Board of Fisheries, and other policy makers explore salmon restructuring options and issues. The Commission is open to any proposal that would lead to improvements for Alaska salmon fishermen and their families. 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), and *Grunert v. State*, 109 P.3d 924 (Alaska 2005).

OTHER PROJECTS AND REPORTS

The Research staff produced monthly permit value estimates for the Department of Commerce, Community and Economic Development and other users. The staff also produced a number of tables and small reports in response to sundry requests. The following is a listing of some 2008 non-confidential reports:

A Unique Identifier for Commercial Crewmember License Data (08-1N) by Cathy Tide

2007 Distribution of CFEC Permits and Vessel Licenses by State (08-2N) by Nancy Free-Sloan and Cathy Tide.

Vessel Lengths and Fishing Diversification among Alaska Salmon Drift Gillnet Vessels, 1978-2007 (08-4N) by Kurt Iverson and Justine Sears.

Changes in the Distribution of Alaska's Commercial Fisheries Entry Permits, 1975-2007 (08-5N) by Justine Sears, Cathy Tide, and Nancy Free-Sloan.

Executive Summary - Changes in the Distribution of Alaska's Commercial Fisheries Entry Permits, 1975-2007 (08-5N-EXEC) by Nancy Free-Sloan, Cathy Tide, Justine Sears, and Kurt Iverson.

License Longevity, Alaska Community, and Age of Commercial Crewmember License Holders (08-9N) by Cathy Tide.

Changes in Limited Entry Permit Holdings in Southeast Alaska Communities, 1975-2007 (08-11N) by Nancy Free-Sloan, Cathy Tide, and Justine Sears.

These reports are available on the CFEC web site (http://www.cfec. state.ak.us) or, upon request, from the Commercial Fisheries Entry Commission, Research Section, 8800 Glacier Highway #109, P.O. Box 110302, Juneau, AK 99811-0302.





Revenue

OVERVIEW

Revenues generated by the Commission come primarily from issuance of commercial fishing permits and vessel licenses. Additional revenues originate from research and data processing services and reports requested by the public, fishing organizations, fisheries research groups, and other agencies. Total revenue for fiscal year 2008 (July 1, 2007 – June 30, 2008) was about \$5.8 million.

Senate Bill 93, which passed the legislature during the 2005 session made two significant changes that increased CFEC revenues beginning with the 2006 commercial fisheries licensing year (calendar year). The first was to raise the cap on annual fishing permit renewals from \$300 to \$3,000. This mainly affected those higher value fisheries that benefited in the past from the lower cap. The statute calls for fees to reflect the economic return from different fisheries. The second was a modification to the annual commercial fishing vessel license fee. The fee structure was expanded from 5 fee classes to 13 fee classes at 25-foot increments

THE TREND IN DECLINING
PERMIT AND VESSEL LICENSE
RENEWALS MAY CONTINUE
BECAUSE OF FEDERAL AND
STATE FLEET CONSOLIDATION
PROGRAMS.

Following the effective date of SB 93, the Commission proposed regulations, held a public comment period including several public hearings, and received oral and written testimony. In response to public comments, the Commission adopted an annual permit renewal schedule to accommodate a phased-in approach. The Commission capped the permit renewal fee for the 2006 licensing year at \$1,050, for 2007 at \$2,025, and for 2008 at \$3,000.

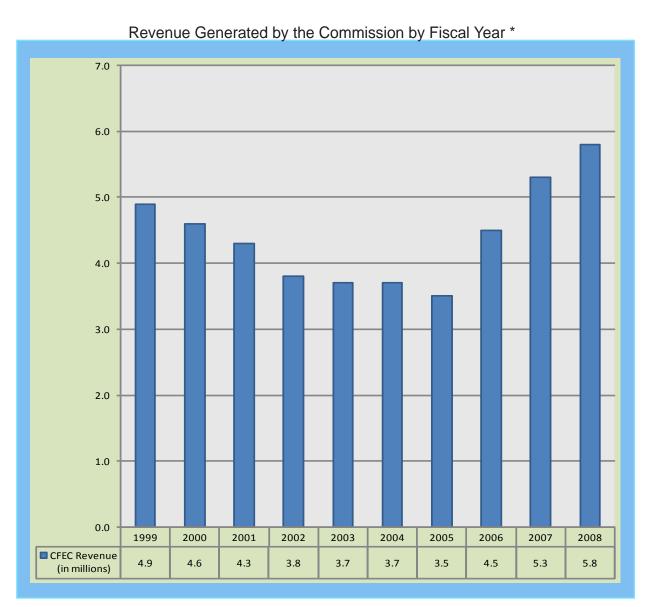
Under 20 AAC 05.245, the permit renewal fees are based on a formula of 4/10ths of 1% of the estimated market value of the permit for limited fisheries and 4/10ths of 1% of the estimated average gross earnings for unlimited fisheries. The permit value represents the marketplace value of a limited entry permit. The phased-in approach only affected high-value fisheries. Those fisheries below the \$2,025 cap for 2008 will not see an increase by raising the cap in future years unless their economic value increases to a point where they are pushed into a higher fee class under the formula. Permit renewal fee classes ranged from \$75 to \$3,000 for 2008, with the majority being \$375 or less.

The 2008 fee increase impacted those fisheries that would have paid higher fees in the past if not for the previous fee cap. Revenue generated above CFEC obligations is used to fund programs that contribute to the support of Alaska's commercial fisheries.

The trend in declining permit and vessel license renewals may continue because of federal and state fleet consolidation programs. For example, the Bering Sea crab consolidation,

which began in 2005, reduced the number of vessels and skippers applying for renewals and will affect future revenues. Other federal fisheries, such as Gulf of Alaska and Bering Sea groundfish, are likely to affect revenue in the future. In state waters, fleet consolidation programs are being discussed for the Southeast salmon purse seine fishery, the Bristol Bay salmon drift gillnet fishery and the Gulf of Alaska groundfish fishery.

REVENUE GENERATED BY CFEC



Note: These data reflect permit fees, vessel license fees, limited entry application fees, refunds and miscellaneous revenue.

* Revised from earlier Annual Reports



Appendices

LIST OF EMPLOYEE NAMES AND ELECTRONIC MAIL ADDRESSES......28

DECISIONS AND ACTIVITIES, CALENDAR YEARS 2000 - 200729



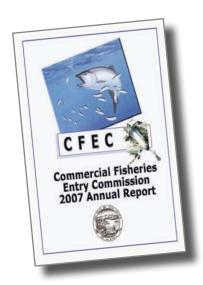
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COMMISSION	Frank Homan	Chairman	frank.homan@alaska.gov
	Peter Froehlich	Commissioner	peter.froehlich@alaska.gov
	Bruce Twomley	Commissioner	bruce.twomley@alaska.gov
	Beccy Charles Susan Haymes Sheri Paddock Shirley Penrose Doug Rickey	Executive Secretary Law Specialist II Administrative Clerk Administrative Officer Commission Decision Drafter	beccy.charles@alaska.gov susan.haymes@alaska.gov sheri.paddock@alaska.gov shirley.penrose@alaska.gov doug.rickey@alaska.gov
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	Dorothy Frary	Managing Paralegal	dorothy.frary@alaska.gov
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	Justine Sears	Research Analyst II	justine.sears@alaska.gov
	Cathy Tide	Research Analyst III	cathy.tide@alaska.gov

^{**} These people are no longer employed at the Commission as of 12/31/08.



Decisions and Activities in Prior Years



- Participated in meetings with ADF&G, Sport Fish Division's Sport Fish Guide Task Force to discuss issues regarding limited entry and the sport fish guide industry.
- Continued to work with the Southeast Revitalization Association (SRA) to structure a fleet consolidation plan for the Southeast Alaska purse seine salmon fishery.
- Presented "State Limited Entry" at the Alaska's Young Fishermen's Summit: Weaving a Network of Future Fishing Leaders.
- Adopted regulations implementing the Application for Immediate Fishing.
- Met with representatives of the Congressional delegation to discuss federal legislation affecting Alaska's commercial fisheries.
- Reported to the Southeast Alaska King and Tanner Crab Task Force on the status of commission adjudications for those fisheries.
- Participated on an advisory panel to a study commissioned by the Bristol Bay Economic Development Corporation to explore ways to increase the number of limited entry permits held by local Bristol Bay residents.
- Continued to maintain a professional relationship with the IRS to help Alaska fishers protect their fishing privileges.
- With the Alaska Attorney General, we continued to defend the state against elimination of non-resident fee differential in the *Carlson* case.

- Launched new web site which includes a searchable permit holder database, information on permit renewals and transfers, and links to standard data tables and Commission reports.
- Presented "30 Years of Limited Entry" at the NOAA National Marine Fisheries Service sponsored conference, *Alaska's Fishing Communities: Harvesting the Future*, in Anchorage, Alaska.
- Participated in a meeting with the Alaska Department of Fish and Game Sport Fish Division and sport charter guides to discuss issues regarding limited entry and the sport fish guide industry.
- HB 484 (Chapter 91 SLA 2006) authorized the legislature to appropriate revenue from the sale (re-issuance) of entry permits by the state in order to reimburse a qualified Salmon Association for its expenses in retiring permits under a buyback program.
- HB 251 (Chapter 11 SLA 2006) authorized the Board of Fisheries to adopt regulations allowing a person who holds two limited entry permits for a single salmon fishery to obtain greater fishing privileges such as additional gear.
- Continued to maintain a professional relationship with the IRS to help Alaska fishers protect their fishing privileges.
- With the Alaska Attorney General, we continued to defend the state non-resident fee differential in the *Carlson* case.



Photo Courtesy of the Alaska Seafood Marketing Institute



Photo Courtesy of the Alaska Seafood Marketing Institute



- Adopted an optimum number range of 900 to 1,400 permits for the Bristol Bay drift gillnet fishery.
- Provided testimony and data for SB 93, an act relating to commercial fishing permits and vessel license fees.
- Proposed and adopted regulations implementing SB 93, which raised the maximum allowable base fee ("fee cap") for an annual permit renewal from \$300 to \$3,000.
- Continued to work with the Alaska Board of Fisheries, the Department of Fish and Game, and other interested persons and groups to explore options for groundfish fisheries in state waters.
- Participated in a discussion of groundfish issues in Kodiak.
- Participated in a panel discussion dealing with salmon consolidation at the Pacific Fish Expo in Seattle.
- Continued to maintain a professional relationship with the IRS to help Alaska fishers protect their fishing privileges.
- With the Alaska Attorney General, we continued to defend the state against elimination of nonresident fee differential in the *Carlson* case.
- Provided testimony and data for HB 251 authorizing the Board of Fisheries to adopt regulations regarding fishing by a person who holds two entry permits for a salmon fishery.

- Conducted research, held public hearings, and adopted regulations limiting entry into the statewide weathervane scallop fishery under a vessel-based system. Conducted an application period and received 10 applications. Completed adjudication of 9 applications and issued 8 permanent vessel entry permits.
- Conducted a limited entry application period for the Bering Sea hair crab fishery and received 20 applications. Completed adjudication of 14 applications and issued 12 permanent vessel entry permits.
- Conducted a limited entry application period for the Kodiak *bairdi* Tanner crab pot crab fishery and received 233 applications. Completed adjudication of 205 applications and issued 136 permanent entry permits.
- Completed The Bristol Bay Salmon Drift Gillnet Optimum Number Report. Proposed an optimum number of entry permits for the Bristol Bay drift gillnet fishery and held public hearings.
- Participated in the meetings of the Joint Legislative Salmon Industry Task Force and the Alaska Board of Fisheries' Salmon Industry Task Force.
- Addressed the Kenai Working Group on limited entry issues.
- Addressed the Southeast Inter-Tribal Fish and Wildlife Conference on Commercial and Subsistence Fisheries on limited entry issues.
- Addressed the Bristol Bay Native Corporation's Leadership Conference on the optimum number proposal for the Bristol Bay drift gillnet fishery.
- Participated in a discussion of the proposed Bristol Bay drift gillnet optimum number hosted by the Alaska Independent Fishermen's Marketing Association at Fish Expo in Seattle.
- Participated in the Gulf of Alaska Groundfish Rationalization Committee formed by the Board of Fisheries.
- Continued to maintain a professional relationship with the IRS to help Alaska fishermen protect their fishing privileges.



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

- Conducted research, held public hearings, and adopted regulations limiting entry into the Bering Sea hair crab fishery under a vessel-based system.
- Conducted research, held public hearings, and adopted regulations stablishing a point system for the Kodiak bairdi Tanner crab pot fishery.
- Continued work on optimum number study for the Bristol Bay salmon drift gillnet fishery.
- Continued efforts to examine options for reducing the size of salmon fleets, throughout the year, by participating in discussions of and as a resource to the Joint Legislative Salmon Industry Task Force, and participating on the advisory panel for an Analysis of Options to Restructure the Bristol Bay Salmon Fishery, an independent study funded and published by the Bristol Bay Economic Development Corporation.
- Addressed the International Association for the Study of Common Property on *License Limitation in Alaska's Commercial Fisheries*.
- Participated in a meeting of the Salmon for Success Summit in Juneau on the status of limited entry permits in Southeast communities.
- Participated in discussions of and a resource to the Gulf of Alaska groundfish rationalization committee formed by the Board of Fisheries to explore options for managing statewaters groundfish fisheries.
- Continued to maintain a professional relationship with the IRS to help Alaska fishermen protect their fishing privileges.
- With the Alaska Attorney General, the Commission continued to defend the state against the *Carlson* case, a class action challenging the fee differential charged to nonresidents for annual renewal of Alaska commercial fishing permits.



- Conducted research, held public hearings, and adopted regulations limiting entry into the Kodiak bairdi Tanner crab pot fishery.
- Received seven applications for the Kodiak food and bait herring gillnet and seine
 combined fishery and four applications for the Kodiak food and bait herring trawl
 fishery. Completed final adjudication of all of the applications for both fisheries and
 issued five limited entry permits for the Kodiak food and bait herring gillnet and seine
 combined fishery and four for the Kodiak food and bait herring trawl fishery.
- Adopted regulations implementing the new law (Chapter 134 SLA 2002) that allowed a person to hold up to two salmon permits for purposes of fleet consolidation.
- Continued work on optimum number study for the Bristol Bay salmon drift gillnet fishery.
- Continued efforts to examine options for reducing the size of salmon fleets, throughout the year, by participating in the Governor's 2002 Salmon Summit in Kodiak, Alaska, by participating in discussions of and as a resource to the Joint Legislative Salmon Industry Task Force, participating in a meeting of the Yukon River Drainage Fishermen's Association to discuss options for improving their salmon fishery, participating in a Workshop on Options for Restructuring Alaska's Salmon Fisheries at the University of Alaska in Anchorage, and participating in workshops at the Seattle Fish Expo dealing with the restructuring of Alaska salmon's fisheries.
- Received petitions to limit additional fisheries and began required analysis.
- Continued to maintain a professional relationship with the IRS to help Alaska fishermen protect their fishing privileges.
- With the Alaska Attorney General, the Commission continued to defend the state against elimination of nonresident fee differential in the *Carlson* case.



2001 AND PRIOR YEARS

Information on 2001 and prior years can be found in previous annual reports or on the Internet at the Commission website: http://www.cfec.state.ak.us.

