

# 2020 Annual Report



Commercial Fisheries  
Entry Commission



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Cover Photo Courtesy of Alaska Seafood

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# CFEC Overview

The seafood industry is Alaska's largest private sector employer and adds approximately \$5.6 billion dollars into the Alaskan economy each year<sup>1</sup>, benefiting communities from Ketchikan to Kotzebue. The Commercial Fisheries Entry Commission (CFEC) plays a vital role in developing and maintaining the sustainable fisheries and small businesses that underpin Alaska's fishing industry. CFEC generates approximately \$7.5 million dollars in gross revenue for the State of Alaska per year.

In 1972, Alaskans voted to amend the constitution to pave the way for the creation of a limited entry permit system. Subsequently, the Alaska Supreme Court recognized that the limited entry program should impinge on the open fisheries clauses of the constitution as little as possible. The limited entry program requires continuous management: CFEC is required to conduct optimum number studies and to ensure the limited entry system does not create an exclusive privilege in Alaskan fisheries and may establish voluntary buyback programs when necessary. Over the years Alaskan courts have scrutinized the limited entry program and developed an extensive body of law, comprised of more than eighty Alaska Supreme Court decisions, which guide CFEC in the administration of its important mandates.

CFEC issues annual permits and vessel licenses to qualified individuals; oversees permit transfers; conducts research and develops fisheries economic data; assesses demerit points on permits to hold violators responsible; and coordinates with state and federal managers to develop fisheries policy. The Commission is composed of two commissioners who are supported by a staff of 17 people. The agency is organized into four sections overseen by an Executive Director, who is responsible for implementing policies and programs established by the Commission to carry out CFEC's mission.

Since the Limited Entry Act was adopted in 1973, CFEC has issued decisions on over 20,000 limited entry fishery applications. In 2020, CFEC recorded 13,864 limited entry permits and 3,990 permits for fisheries that are not yet subject to limitation ("open access" fisheries), for a total of 17,854 permits commercial fishing permits<sup>2</sup>. All permits in open access fisheries are interim-use, as were 24 of the limited entry permits, for a total of 4,014 interim-use permits recorded in 2020. In 2020, 78% of all commercial fishing permits issued by CFEC were held by Alaska residents, 62% of whom lived in rural communities.

<sup>1</sup> [The Economic Value of Alaska's Seafood Industry](#), McDowell 2020.

<sup>2</sup> These counts include only permits held by holders whose status at year-end 2020 was current owner/holder. For additional information, see [Appendix I](#), pages 21-22.



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# Commissioners

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The Commissioners oversee permitting and permit transfer operations of the Commission, as well as making appellate decisions on permit application cases, which requires an analysis of voluminous evidentiary records and a complex array of laws, regulations, legal precedent (including over 80 Supreme Court decisions), and 46+ years of administrative practice applicable to such matters.

Commissioners also issue Final Commission Decisions on a variety of other administrative matters that impact the commercial fishing industry, such as emergency and permanent transfer requests, permit forfeitures, demerit point assessments, and issues related to liens attached to permits. Such matters require legal research and careful deliberation, and some are time-sensitive because delay can mean loss of fishing time and considerable damages to the permit holder.

Commissioners also direct comprehensive studies on the economic health and stability of existing limited entry fisheries and open-access fisheries that may benefit from limitation by the Commission in the future; promulgate new regulations to further the purposes of the Limited Entry Act; provide input on Board of Fish proposals affecting commercial fishing; and reply to inquiries from the public, industry, and government officials. The Commissioners are supported in their adjudicative and regulatory endeavors by the agency's Law Specialist.

## **2020 CFEC Commission Highlights**

- Issued Final Commission Decisions in the final two permit application cases, which had been pending for over a decade. Closed out the permit application process for the following fisheries: Southeast Tanner Crab Pot and Southeast Red and Blue King Crab Pot.
- Issued Final Commission Decisions on 27 other adjudicative matters over the past year, which helped to better define the restrictions applicable to emergency transfer requests and the statutory guidelines for the assessment of demerit points.



# Commissioners

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## 2020 CFEC Commission Highlights (continued)

- ➔ Implemented policies intended to provide a safe work environment for staff and fishing public through a variety of in-house measures and teleworking, while ensuring no loss of mission-critical service to the state or industry during the COVID-19 pandemic. Provided information and assistance to agencies and the seafood industry during development of state COVID-19 health directives. Participated in review of state-administered COVID-19 assistance packages and commercial fishing industry appeals.
- ➔ Promulgated new Commission regulations, including regulations to implement the demerit point statute, clarify the requirements for Alaska residency, repeal the Bering Sea hair crab limited entry permit system, address federal regulatory changes impacting the statewide sablefish fishery, and simplify the federal food stamp fee reduction to avoid unnecessary regulatory changes in the future.
- ➔ Provided information and assistance to legislators on several bills including HB185 / SB145, which sought to remove a duplicative registration requirement for certain commercial fishing vessels under the Derelict Vessel Prevention Program.
- ➔ Completed internal audit of permit transfer requests and permit reinstatements granted by Licensing staff, to promote individual accountability and to ensure that such decisions are made pursuant to regulatory guidelines.
- ➔ Administered complete review of CFEC paper forms to improve recordkeeping, streamline the application process, and improve guidance to fishermen regarding a range of administrative requests.
- ➔ Progress made on comprehensive electronic scanning project to protect CFEC licensing records and improve flow of information.



# Licensing

The CFEC Licensing Section is staffed with six employees who are committed to serving the licensing and transfer needs of Alaska's commercial fishing industry. Licensing staff are on the front lines at CFEC, assisting commercial fishermen who are confronted by an ever-changing array of complex issues, ranging from biological and economic variables to medical and personal emergencies. Staff members strive to make timely and accurate determinations regarding eligibility, transfers, and renewals, consistent with extensive governing fishery statutes and regulations. Licensing staff works closely with the CFEC Commissioners and Law Specialist to ensure compliance with the Limited Entry Act.

Licensing staff interact with the public daily via telephone, facsimile, email, and written correspondence. They are a source of information for commercial fishermen, answering questions about permitting and licensing regulations affecting the fishing industry. Licensing staff works closely with ADF&G, DCCED, United States Coast Guard (USCG), National Marine Fisheries Service (NMFS), and other agencies to help track changes to the rules and regulations pertaining to Alaska fisheries that impact the issuance of Limited Entry Permits.

## Core Licensing Statistics

- ➔ 17,854 Commercial Fishing Permits
- ➔ 8,524 Vessel Licenses
- ➔ 3,990 Interim-Use Permits in Open Access Fisheries
- ➔ 791 Permanent Transfer Requests Processed
- ➔ 961 Emergency Transfer Requests Processed
- ➔ 24 Interim-Entry Permits in Limited Fisheries

For additional information, see [Appendix C](#), pages 9-11



# Adjudications

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The CFEC Adjudications Section is staffed by one hearing officer and one paralegal. In 2020, the Adjudications Section issued a total of 24 decisions based on administrative hearings: 18 on permanent and emergency transfers; six on miscellaneous matters, such as permit fee refund requests. Decisions issued by the hearing officers are reviewed by the commissioners, who may adopt, modify, or reverse the decisions. There are currently no limited entry permit application cases pending before the hearing officer. As of the end of 2020, no CFEC cases were pending before any court.

## **Core Functions of the Adjudications Section:**

- ➔ Schedule, research, and conduct administrative hearings;
- ➔ Write decisions based on those administrative hearings on issues including emergency transfers, permanent transfers, permit fee refund requests, reinstatement of forfeited permit requests, appeals of the assessment of demerit points, and fee arrearages based on residency;
- ➔ Assess demerit points and suspend fishing privileges for convicted violators of salmon fishing laws under AS 16.43.850-895;
- ➔ Receive, record, and prepare for archiving all commercial fish tickets filed within the state;
- ➔ Maintain historic Commission records and manage active cases;
- ➔ Record and assist with record requests from the public or other government agencies;
- ➔ Classify, adjudicate, and maintain a tracking system for limited entry permit applications;
- ➔ Research legal or historical information for the commissioners or for the commercial fishing public when appropriate.

For additional information, see [Appendix D](#), pages 11-12





# Data Processing

The Data Processing (DP) consists of a small, highly skilled and responsive staff that must be flexible and proficient in several disciplines. This includes the installation and maintenance of network hardware, such as switches, routers, servers, printers, cabling and storage area networks. The DP Section is also responsible for the installation and maintenance of desktop hardware including personal computers, printers, embossers and other equipment. DP maintains technical support for office staff and customers. DP staff is responsible for data integrity; application development; maintenance of a wide array of software centered on CFEC's core mission; and, the reliable and timely distribution of data to other agencies, fishing organizations and the general public. DP maintains local resources such as web services, network operating systems, shared storage, network topology, file services, digital security, database services, IP telephony, and performs all other DP related tasks. DP solutions at the Commission are organic, efficient, and provided in-house.

## Core Services Provided by Data Processing:

- ➔ Technology Infrastructure & Networking
- ➔ Software & Updates
- ➔ Application Development
- ➔ Security
- ➔ Oracle Database Management
- ➔ Technical Support & Service
- ➔ Legacy Application Services
- ➔ Server Virtualization
- ➔ Enhanced Desktop Utilities
- ➔ Website Design & Maintenance
- ➔ High Availability of Computer Services
- ➔ Gross Earnings Data

For additional information, see [Appendix E](#), pages 14-15



# Research and Planning

The Research & Planning Section provides the Commission with studies on fishery limitations, management of entry permits to optimum levels, fishery economic analyses, permit reports, and any necessary support specific to cases before the Commission. In addition, the Research Section issues many standard and specialized reports that are used by a variety of people and fishing entities to address a range of issues related to commercial fishing. The foundation for much of the work produced by the Research Section resides in several large electronic databases. Research Section and Data Processing collaborate in monitoring and maintaining the integrity of data in the Gross Earnings databases. Much of the data is in turn shared with ADF&G, NMFS and the North Pacific Fishery Management Council through the Alaska Fisheries Information Network. This data allows CFEC and others to provide services to local, State and Federal government agencies and policymakers, the Alaska Legislature, researchers, consultants, and other nongovernmental organizations.

## Core Functions of the Research and Planning Section:

- ➔ Fishery Limitation Research and Optimum Number Analyses for Limited Entry Fisheries
- ➔ Economic Reporting
- ➔ Buyback Consultations & Implementation
- ➔ Permit Value Reports
- ➔ Gross Earnings
- ➔ Published Reports ([page 18](#))
- ➔ Data Collaboration and Integrity
- ➔ Regulatory Proposal Review and Comment
- ➔ Data Sharing with Agencies and Private Sector
- ➔ Permit Holder Surveys & Ex-Vessel Price Estimates
- ➔ Fisheries Monitoring

For additional information, see Research Supplemental [Appendix F](#), pages 16-17



# Appendix A: Agency Information

## 2020 Commission Employees

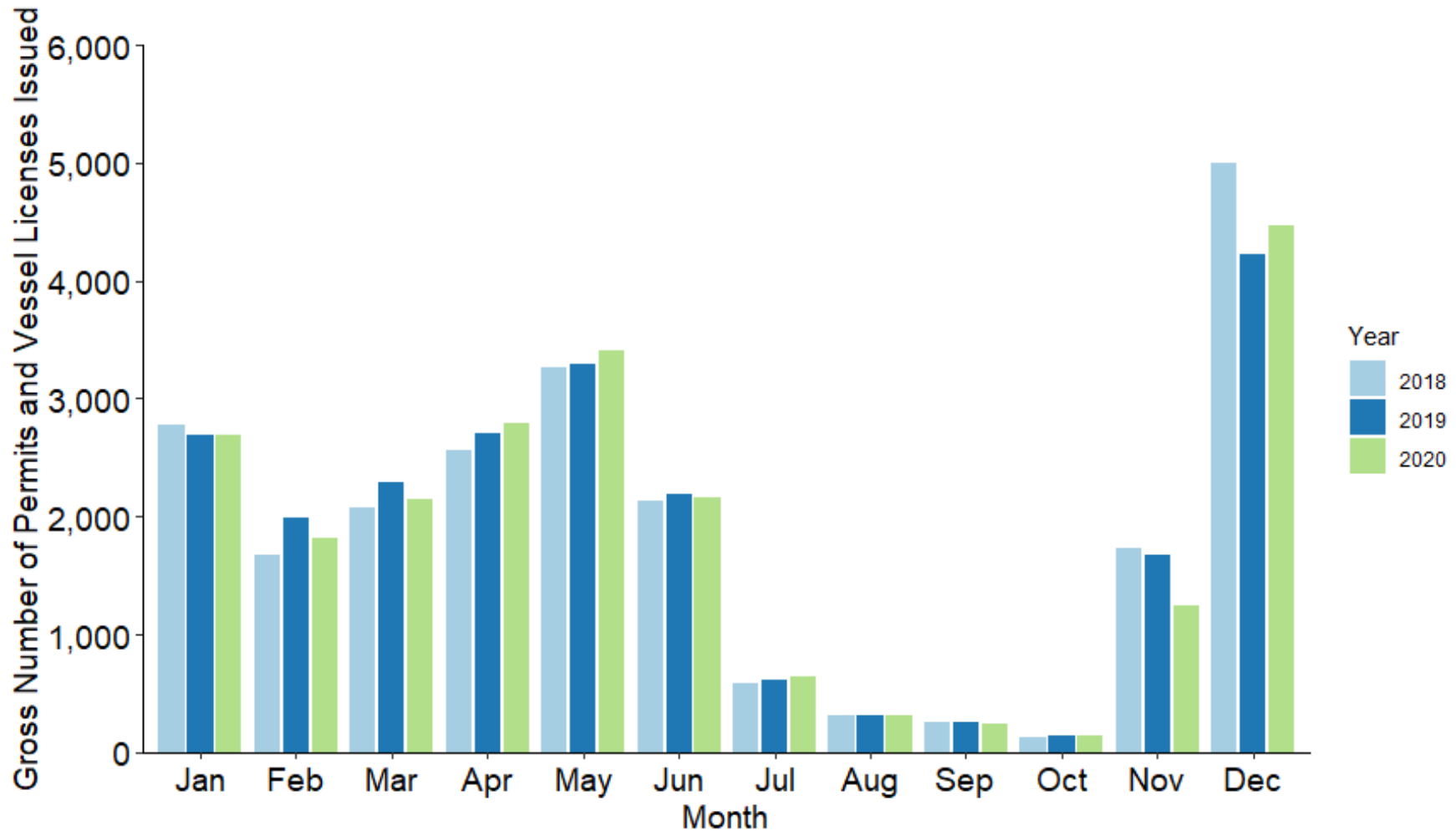
<b>Commission</b>	Fate Putman	Commissioner, Chair*	<b>Adjudications</b>	Nicole Lynch	Leader
	Dale Kelley	Commissioner		Randy Lippert	Paralegal
<b>Administration</b>	Jon Haghayeghi	Executive Director	<b>Legal</b>	Jason Kampman	Law Specialist
	Fred Harmon	Office Assistant			
	Vacant	Commission Assistant			
<b>Licensing</b>	Mele Maake	Leader	<b>Data Processing</b>	Ty McMichael	Leader
	Suzanne Rumfelt	Transfer Officer		Don Huntsman	Analyst Programmer
	Kristie Urry	Transfer Clerk		Joe Kollar	Analyst Programmer
	Kyle Scholl	Transfer Clerk	<b>Research and Planning</b>	David Pearce	Network Specialist
	Ranelle Hinchman	Permit Clerk*		Brad Robbins	Leader
	Carmella DeLeon	Permit Clerk		Caitlin Stern	Fisheries Analyst
				Daniel Strong	Research Analyst

\* No longer with CFEC



# Appendix B: Licensing Statistics

Permits and Vessel Licenses Processed by Month, 2018-2020





# Appendix C: Licensing Statistics

## Counts of Permits by Fee Range

<i>Fee Range (in dollars)</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
Waived	2,097	1,963	1,808	1,874
\$75 to \$375	11,364	11,325	11,130	10,032
Over \$375 to \$7	4,115	3,714	4,199	3,811
Over \$750 to \$1	146	450	5	450
Over \$1,125 to	236	249	255	97
Over \$1,500 to	103	104	224	271
\$3,000 Fee Cap	461	450	423	434
No data	209	239	209	885
<b>Total</b>	<b>18,731</b>	<b>18,494</b>	<b>18,253</b>	<b>17,854</b>

There are 40 separate categories for CFEC permit fees, ranging from \$75 to \$3,000 in increments of \$75 dollars. The table above displays the number of permits issued by category. Renewal fees are calculated using the estimated permit value as of June of a given year. The final fee is calculated by multiplying the permit value by four-tenths of one percent, then rounding to the nearest fee class, with a fee cap of \$3,000. For open access fisheries or fisheries with inadequate data, fees are calculated using the most recent 3 years of gross earnings, then applying the weighted average to the same formula.

## Vessel Fee Categories

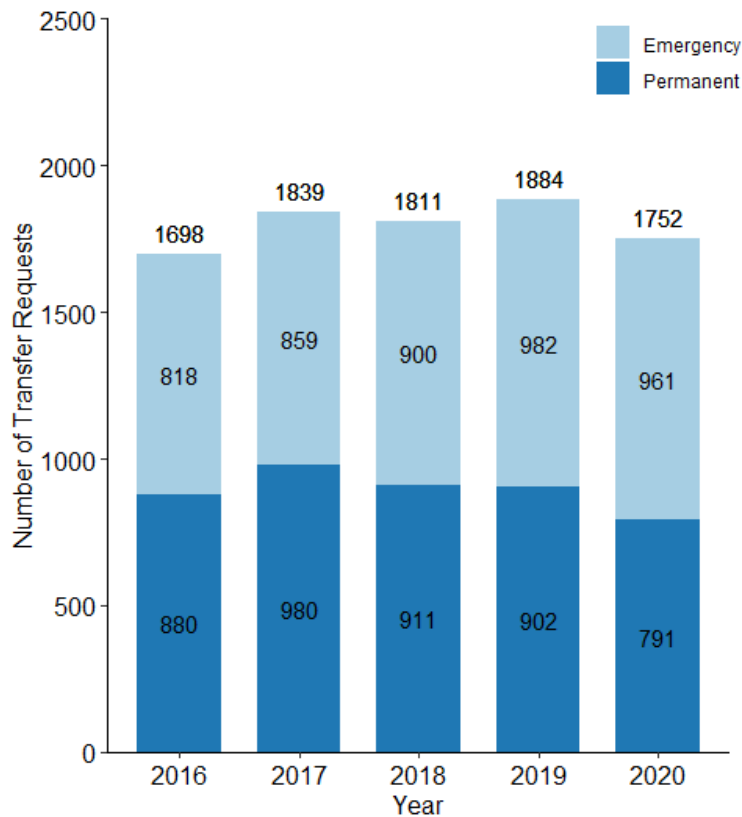
<i>Fee Category (in vessel length)</i>	<i>License Fee</i>	<i>Number of Vessels Licensed</i>
Vessels to 25'	24	2,302
Over 25' to 50'	60	4,912
Over 50' to 75'	120	802
Over 75' to 100'	225	211
Over 100' to 125'	300	154
Over 125' to 150'	375	55
Over 150' to 175'	450	34
Over 175' to 200'	525	20
Over 200' to 225'	600	5
Over 225' to 250'	675	3
Over 250' to 275'	750	12
Over 275' to 300'	825	5
Over 300'	900	10
<b>2020 Total</b>		<b>8,525</b>

There are 13 separate categories for CFEC vessel fees determined by vessel length ranging from 25 feet to 300 feet and up in increments of 25 feet. The vessel license fee is based on the United States Coast Guard definition of overall length, as stated in [46 USC 2101 28\(b\)](#).



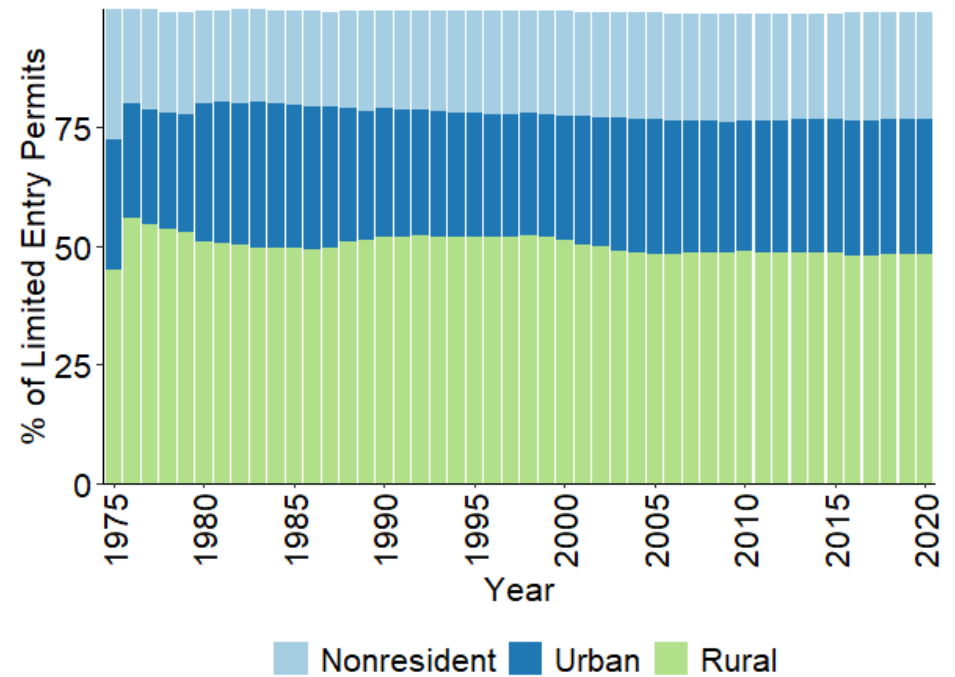
# Appendix C: Licensing Statistics

Permanent and Emergency Transfer Requests Reviewed



In 2020, Licensing staff reviewed 1,752 requests for permanent and emergency transfers of permits. This included 961 emergency and 791 permanent transfer requests.

Residency of Limited Entry Permit Holders, 1975-2020

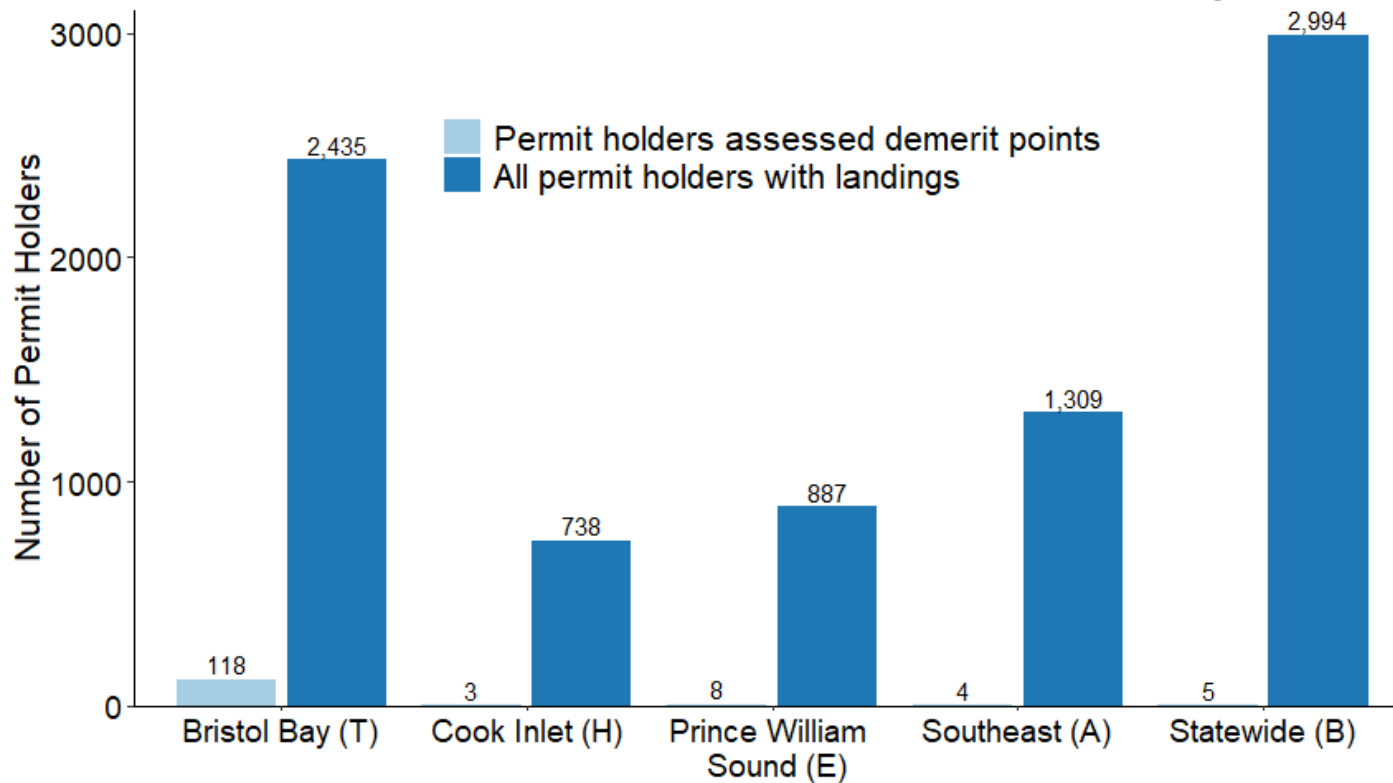


Urban and rural community designations are based on information from the 2010 U.S. Census. Many regions of Alaska have no urbanized areas. For example, every Bristol Bay region community is considered rural. In 2020, of 13,851 limited entry permits, 6,655 were held by Rural Alaskans (48%), 3,964 by Urban Alaskans (29%), 3,110 by Non-residents (22%), and 122 by Alaskans of unknown residence (1%).



# Appendix D: Adjudications Statistics

Permit Holders Assessed Demerit Points in 2020 by Area



Fishing Areas with No Demerit Points Assigned

Area
Southern Southeast (C)
Yakutat (D)
Federal Waters (FW)
Gulf of Alaska (G)
Westward (J)
Kodiak (K)
Chignik (L)
Alaska Peninsula (M)
Aleutian Islands (O)
Bering Sea (Q)
State Waters (SW)
Nunivak Island (U)
Kuskokwim (W)
Kotzebue (X)
Yukon, Lower (Y)
Norton Sound (Z)

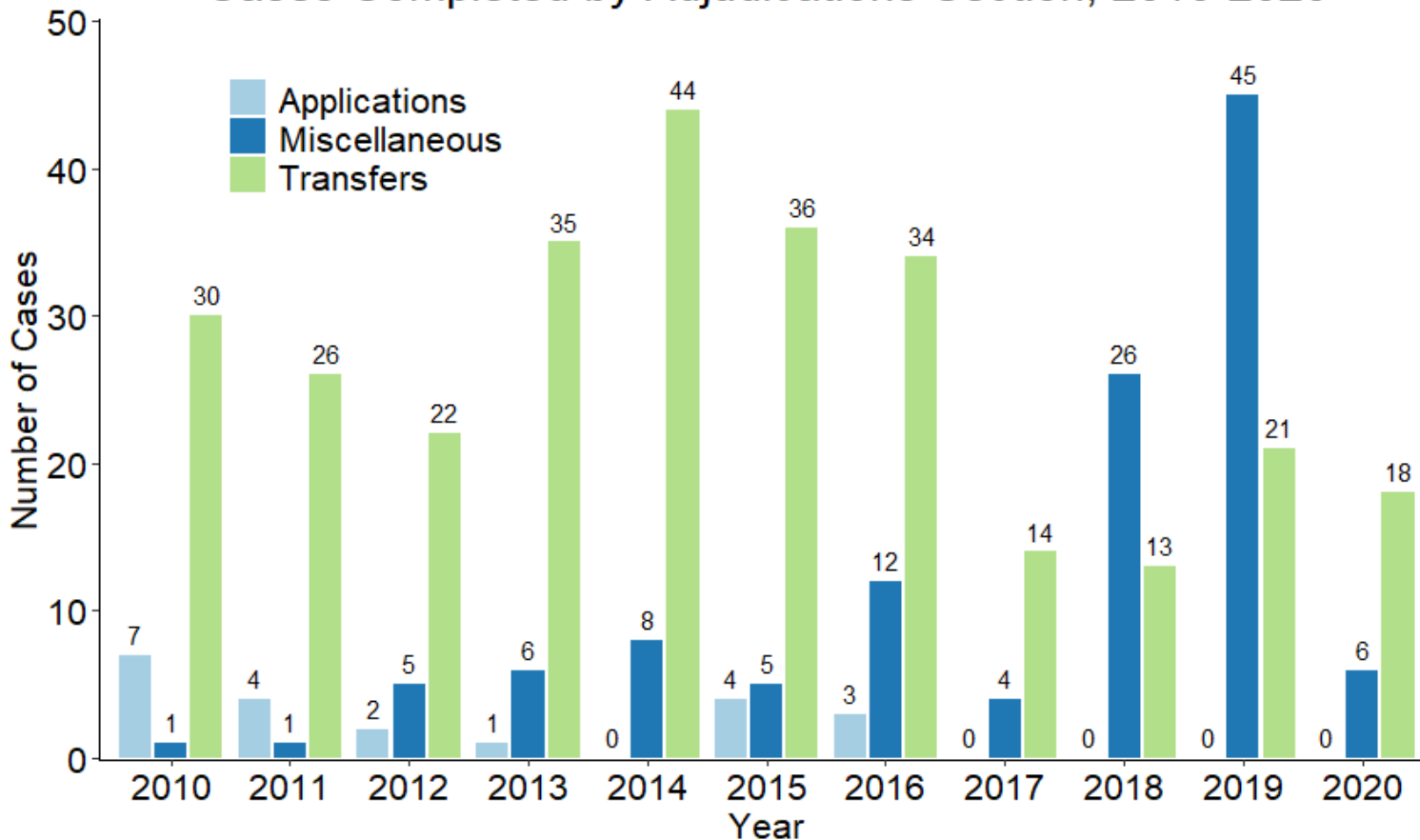
In 1998, the Alaska Legislature established a demerit point system for suspending commercial salmon fishing privileges based on convictions for fishing violations in the salmon fisheries. Under this law, the Commission must suspend a salmon permit holder’s commercial fishing privileges for a period of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

See [Appendix H](#), Page 21 for a discussion of the Demerit Point System.



# Appendix D: Adjudications Statistics

Cases Completed by Adjudications Section, 2010-2020



The Adjudications Section is made up of hearing officers and a paralegal.

As detailed in this graph, miscellaneous cases include requests for reinstatement or refunds, including the Chignik disaster; demerit point assessment appeals; and enforcement proceedings. Transfer cases refers to appeals of the denials of emergency and permanent transfers of permits. Application cases refers to original Limited Entry Permit applications.





# Appendix E: Data Processing

## Data Processing Opportunities and Active Projects

The Data Processing (DP) Section consists of four CFEC staff that are responsible for maintaining and improving CFEC's databases, proprietary applications, and agency hardware. The DP team continues to automate and alter long-standing methodologies to improve efficiency, enabling the agency to thrive under resource constraints. DP staff continue to refine CFEC systems and explore opportunities for improvement.

### Gross Earnings Database

Gross Earnings refers to a database and reporting system created, maintained, and operated by staff at CFEC. The Gross Earnings Database is built by combining ADF&G and International Pacific Halibut Commission (IPHC) fishery harvest data with data from the CFEC Licensing System. The data is also enhanced with CFEC estimates of ex-vessel fish and shellfish prices and can be queried for various information. The database is maintained for all fishing years from 1975 forward.

The Gross Earnings Database is maintained by CFEC for both internal and external needs, and is shared with other state and federal entities for a wide range of fishery-related topics. One important feature of the database is the Gross Earnings Reporting System, which generates a large number of web pages, PDF reports, and downloadable data available on the CFEC Public Web Site (e.g. '[Fishery Participation and Earnings](#)'). In 2020, DP overhauled the workflow process, allowing Gross Earnings to be processed by other staff in a more streamlined fashion.

### Online Renewal

CFEC DP continues to improve the Limited Entry Online Renewal System (LEON), adding additional automation, more automatic population, advanced reporting and additional fields for data collection. Online transactions now account for 75% of the total annual renewal traffic. This continued automation, coupled with the fishing public's growing awareness and use of CFEC's online resources, will greatly reduce processing time for staff and allow for more interaction on issues of specific concern to permit holders, vessel owners, partner agencies, and the general public, as well as providing a better distribution of workload throughout the year.



## Appendix F: Research Activities

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The Research Section provided the Alaska Board of Fisheries an economic report for its February Upper Cook Inlet Finfish meeting. The Alaska Board of Fisheries considered several proposed regulation changes in 2020, which the Research Section evaluated for potential impacts on Alaska's Limited Entry program.

Monthly and annual permit value reports for all limited entry permits in the state were also published. These are used by the Alaska Commercial Fishing and Agriculture Bank; the Department of Commerce, Community, and Economic Development's Commercial Fishing Loan Program; fishermen and brokers of fishing permits to understand the value of limited entry permits for loan and sale purposes.

Research continued to monitor basic economic conditions found in the Cook Inlet salmon set gillnet fishery including economics for those set gillnet with and without DNR shore fishery lease sites. The research section continued a study into the optimum number of Cook Inlet set gillnet fishery permits in 2020 that included developing and distributing an economic survey to all permit holders in the fishery, compiling the responses, and beginning the analysis that will be the foundation of the study.

Research produced preliminary and final ex-vessel price and earnings estimates for all species of fish harvested in Alaska fisheries in 2019. The estimates are performed in the following year (done in 2020 for the 2019 season), due to the time lag to obtain fish ticket data and adjustments made by fish processors after the end of the season. Research's ex-vessel price and earnings estimates are essential to understanding the basic economics of Alaska's fisheries, and are used in the NMFS Groundfish Observer Fee Program to calculate fees fishermen pay into that system.



# Appendix F: Research Activities

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## Reports Published in 2020

In 2020, Research published the following broad-based informational reports intended to inform the Alaska Legislature, Alaska Board of Fisheries, ADF&G fishery managers, other agencies and regulatory bodies, and the fishing community at large. Previous year's reports are available on the CFEC web site, <https://www.cfec.state.ak.us/Publications/year.htm>.

[Changes in the Distribution of Alaska's Commercial Fisheries Entry Permits, 1975-2019. CFEC Report 20-1N](#)

[Mean and Quartile Estimated Gross Earnings \(in 2019 Dollars\) for Alaska's Limited Commercial Fisheries, 1975-2019. CFEC Report No. 20-2N](#)

[Rural, Urban, and Nonresident Estimated Earnings in Alaska's Commercial Salmon Fisheries, 1975-2019. CFEC Report No. 20-3N](#)



# Appendix G: Statutory Requirements

## Limited Entry and Optimum Levels of Permits

CFEC performs multiple functions that benefit the economic well-being of commercial fishermen, including monitoring the health of the 200+ open access commercial fisheries; adjudicating permit applications for limited entry permits; issuing commercial fishing permits and vessel licenses to qualified applicants; enforcing statutory requirements governing permanent and emergency permit transfers; suspending salmon fishing privileges for frequent violators of commercial fishing rules; and promulgating regulations to further the purposes of the Limited Entry Act, including the defining of “optimum” levels of participation in each limited entry fishery.

The initial step for establishing an optimum number in a given fishery is conducting a comprehensive economic study on the fishery. Each study must be based on accurate data and objective economic analysis particular to the unique aspects of that fishery, including an analysis of the average cost of doing business which tends to differ significantly based on gear type, season length, location, and a host of other factors. As part of that process, CFEC will need to gather relevant personal and financial information from individual fishermen. Based on the results of the study, CFEC will propose a regulation that would establish an optimum number or range of numbers for the fishery. That proposed regulation will be subject to public review and comment prior to being finalized. Once that process is complete, the optimum number or range of numbers will be put into regulation

To date, CFEC has limited entry for 68 fisheries (two have since been statutorily rescinded). Optimum numbers have been established for three fisheries: 1) the Southeast sac roe herring purse seine fishery, 2) the Northern Southeast sablefish longline fishery, and 3) the Bristol Bay salmon drift gillnet fishery. As CFEC continues in its efforts to develop the limited entry program, we will direct more resources to conducting optimum number studies on limited fisheries in accordance with our statutory obligations. Pursuant to that commitment, in 2019 CFEC launched an optimum number study for the Cook Inlet salmon set gillnet fishery. In addition, CFEC is currently developing strategies for gathering information that will be useful for studies in all remaining limited entry fisheries. The optimum numbers generated from these studies will serve as important landmarks for working with the Department of Fish and Game, fishermen, and policymakers to adjust the number of permit holders in limited entry fisheries when necessary, to achieve optimum levels.

As required by [AS 16.43.980 \(a\)\(1\)](#)



# Appendix H: Recommended Legislation

**The CFEC demerit point system could be expanded from the current model, which applies only to commercial salmon permits, to a system that applies to all types of commercial fishing permits.**

Pursuant to AS 16.43.850, CFEC assesses demerit points against permit holders upon receipt of notice from a court that the permit holder was convicted of an applicable **salmon** fishery violation [AS 16.43.850(b); AS 16.43.880(a)]. The number of points assessed varies according to the nature of the violation; for example, a conviction for fishing in closed waters generates 6 demerit points [AS 16.43.850(b)(1)]. CFEC suspends the fishing privilege of a violator who accumulates a sufficient number of points within a 36-month period in a particular salmon fishery [AS 16.43.850 (d)(1)-(3)].

Under the current demerit point system, points may only be assessed for convictions arising from unlawful participation in a salmon fishery [AS 16.43.850(b)]. CFEC is not authorized to assess points for convictions arising from unlawful participation in other types of fisheries (i.e. crab, sablefish, halibut). Furthermore, suspensions only prevent frequent violators from participating in the particular salmon fishery in which he or she generated the demerit points [AS 16.43.860(a)]. For example, a fisherman suspended for accumulating too many points in the Bristol Bay drift gillnet fishery, is not prevented from participating in other salmon fisheries (i.e. other administrative areas and/or gear types) or other types of fisheries (crab, sablefish, halibut, etc.).

It should be noted that under AS 16.05.710, a court may suspend a commercial fishing permit upon a misdemeanor or felony conviction arising from unlawful participation in a fishery. Upon receipt of the appropriate court order, the CFEC can and will effectuate such suspensions for the specified period of time. However, this provision is not commonly utilized and requires proactive participation by judges and prosecutors. CFEC recommends a more effective means of holding repeat violators responsible by expanding the current demerit point system so that it applies to all types of commercial fisheries, not just salmon.

For details of demerit points issued by salmon fishery area, see page 12.



# Appendix I: Background

## CFEC and Alaska's Fishing Industry

The seafood industry contributes \$5.6 billion dollars to Alaska's economy each year and creates another \$8 billion in value for the rest of the nation; it is comprised of thousands of small business operators who in 2018 paid over \$172 million in commercial fishing related taxes, fees, and assessments.<sup>1</sup> Since statehood, commercial fishermen have landed over 181 billion pounds of seafood; most Alaska seafood is sold to U.S. consumers. If Alaska was a country, it would rank 8th in the world for the export of seafood,<sup>2</sup> with more than 20 Alaska communities consistently listed among the top U.S. fishing ports.<sup>3</sup> Seafood provides nearly 60,000 direct jobs - more than any other private sector industry in Alaska - and is responsible for \$2.1 billion in payroll and eight percent of the state's jobs.<sup>4</sup> In 2019, 54% of limited entry permits were held by Rural Alaskans, 16% by Urban Alaskans and 30% by Non-residents. Commercial fishermen employ crew members and engage in commerce with banks, marinas, and service industries across the state. The Commercial Fisheries Entry Commission (CFEC) is fully funded by the commercial fishing sector and plays an essential role in developing and sustaining this vital industry.

In 1973, CFEC was tasked with curtailing the unrestricted growth of entry into commercial fishing. Between 1960 and 1972, the number of gear licenses issued in the Alaska salmon fisheries nearly doubled. Many of the new entrants worked primarily in other fields, which allowed them to commercially fish even when returns were marginal. The increased competition put downward pressure on harvest and price, creating an economic crisis for professional fishermen who relied heavily on local fish stocks for their livelihoods. Early attempts to limit entry were struck down under the Alaska Constitution, which guarantees open access to fisheries.<sup>5</sup> In 1972, amidst calls from distressed fishermen and government leaders, the people of Alaska voted overwhelmingly to amend the constitution and provide for limited entry. This action paved the way for passage of the Limited Entry Act the following year, which fundamentally changed the way commercial fishing is governed in Alaska.

The Limited Entry Act established CFEC, which is a quasi-judicial agency charged with *regulating and controlling entry of participants into the commercial fisheries in the public interest and without unjust discrimination*. The limited entry program must impinge on the open fishery clauses of the Alaska Constitution as little as possible, and only as is consistent with CFEC's constitutional purpose: *...resource conservation and to prevent economic distress among fishermen and those dependent upon them for a livelihood*.<sup>6</sup>

Since the Alaska legislature enacted the Limited Entry Act in 1973, Alaska’s courts have scrutinized the program and developed an extensive body of law comprised of more than eighty Alaska Supreme Court decisions, which guides CFEC in the administration of its important mandates.

To fulfill its duties, CFEC is empowered to limit access to fisheries, issue and transfer permits and vessel licenses, set optimum numbers of participants, hold violators responsible by assessing demerit points on permits, conduct investigations, subpoena evidence, hold administrative hearings, and adjudicate claims. To support these efforts, CFEC staff conducts research, develops and analyzes economic data, and coordinates with state and federal fishery managers to establish fisheries policies.

The complexity of the limited entry statutes demands a significant regulatory framework. In 2020, CFEC recorded 13,864 limited entry permits and 3,990 permits for fisheries that are not yet subject to limitation (“open access” fisheries), for a total of 17,854 permits commercial fishing permits and collected \$7.5 million dollars in user fees from commercial license holders. This was used by the state to fund CFEC and portions of Alaska’s sustainable fishery management program, and to fuel the Alaska Fishermen’s Fund<sup>7</sup>, which provides aid to fishermen who get injured on the job.

CFEC continues to evolve to meet the changing needs of fishermen. In addition to the critical duties described above, much more work remains to be done: over 200 permit types that remain open access must continually be monitored for possible limitation; the limited fisheries must be evaluated for optimum numbers; proposals for fisheries restructuring and alternative gear types must be evaluated; voluntary buyback programs must be implemented; fishermen must be provided a fair hearings process conducted by knowledgeable hearing officers; and, permit fees must be collected in a fair manner and tailored to the fluctuating value unique to each fishery.

CFEC remains committed to working with resource managers, policymakers, and fishermen to maintain robust, sustainable fish populations, while serving the unique needs of Alaska permit holders, thus ensuring that the next generation of fishermen can take the wheel of this vital Alaskan industry.

[1] [The Economic Value of Alaska’s Seafood Industry](#), McDowell 2020.

[2] [The Economic Value of Alaska’s Seafood Industry](#), McDowell 2017.

[3] [Total Commercial Fishery Landings At Major U. S. Ports](#), NOAA Fisheries, 2019.

[4] [The Economic Value of Alaska’s Seafood Industry](#), McDowell 2020.

[5] [Alaska Constitution](#), Article VIII, Sections 3 and 15.

[6] [AS 16.43.010](#)

[7] [Alaska Fishermen’s Fund](#)

