

## II. TRANSFER INCIDENCE

### Statewide Turnover Rates

During the period 1975-1999, 15,254 permanent limited entry permits were issued in 58 fisheries. However, not all of these permits were available for transfer. AS 16.43.250 required that CFEC develop hardship ranking systems ("point systems") to allocate permits, and to determine point levels at which a person would experience only minor economic hardship if excluded from an initial permit allocation. Permanent permits issued to persons classified at minor economic hardship levels were to be nontransferable. By the end of 1999 there were 13,323 transferable permits and 968 nontransferable permits.<sup>1</sup>

During this same time span there were 25,197 permanent transfers. Original permit holders transferred 9,856 permits, indicating approximately 74.0% of all transferable permits had changed hands at least once (9,856 out of 13,323 permits) by the end of 1999. Over the entire time period, the average annual number of transfers per number of transferable permits was 9.0% (25,197 total transfers / 280,575 transferable permit-years).

Two types of annual transfer rates are shown in Table 1. The first type is the ratio of the permits transferred for the first time (i.e. from initial issuees) to the number of transferable permits. This ratio would be expected to decline over time if no new permits were issued because each year there would be fewer permits held by initial issuees left to transfer. This transfer ratio has declined from 0.08 to 0.01 over the 1975-1999 time period. The average annual ratio of transfers from initial issuees to transferable permit-years is 0.04 for the entire time period.

The second type of annual transfer rate reported in Table 1 is the ratio of transfers to available transferable permits, which provides a measure of the annual turnover rate for transferable permits. This ratio varied between 0.06 and 0.13 over the 1975-1999 time period, and averaged over 0.09 for

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<sup>1</sup> 13,331 transferable permits were initially issued (Table 3), the actual number of transferable permits at the end of 1999 was 13,323 (Tables 1 and 4). These totals differ because 137 transferable permits were revoked and 129 nontransferable permits were reclassified as transferable after receiving additional point awards through adjudication.

all years combined.<sup>2</sup> As can be seen in Table 1, this transfer ratio dropped below the all-years average in 1989 and has remained relatively low through 1999. The 0.06 ratio in 1999 is the lowest turnover rate recorded since 1975.

### **Turnover Ratios by Fishery 1975-1999**

In Table 2 fisheries were divided into groups based upon the year in which they were limited. Summary transfer rates are provided for each group. The first group consists of the original 19 salmon fisheries for which permanent permits were first issued in 1975, the second group consists of the six Arctic-Yukon-Kuskokwim (AYK) salmon fisheries for which permanent permits were first issued in 1976, and the third group includes the four herring fisheries for which permanent permits were first issued in 1977-1978. A fourth group includes the hand troll fishery, the Prince William Sound (PWS) and Kodiak roe herring fisheries, and the Southeast king and tanner crab and Southeast sablefish fisheries for which permanent permits were first issued during the 1980-1987 time period. The fifth group consists of six westward herring fisheries for which permanent permits were first issued in 1988-1991. The sixth group consists of the Southeast and Cook Inlet Dungeness crab fisheries for which permanent permits were first issued in 1997. The seventh group consists of the PWS sablefish fisheries and the Southeast herring pound and shrimp fisheries for which permanent permits were first issued in 1998. The final group consists of the Goodnews Bay herring gillnet fishery for which permits were first issued in 1999.

Two measures of average annual transfer rates for individual fisheries are shown in Table 2. The first transfer rate is calculated by dividing the cumulative total transfers from initial issuees over the 1975-1999 time period by transferable permit-year counts. The fisheries limited in the most recent years have the highest rates of transfers from initial issuees but this rate is expected to decline over time because each year there will be fewer initial issuees remaining in the fishery.

The second transfer rate is calculated by dividing all permanent transfers over the time period by total transferable permit-year counts. The permit-year count represents a summation of the number of

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<sup>2</sup> Because some permits may be transferred more than once during a year, the ratio of permits transferred to available transferable permits would be slightly less.

transferable permits existing at the end of each year. These rates are comparable to the all-years statewide summary rates presented in Table 1.

For the second type of turnover rate (ratio of transfers to transferable permit-years), the transfer rates vary considerably by fishery. The transfer rates for about one half of the fisheries are 0.10 or greater when averaged across all years. Some of the fisheries with lower annual average rates are all of the AYK salmon fisheries and westward herring fisheries except for Norton Sound herring gill net, the Chignik salmon purse seine and the Southeast roe herring purse seine fisheries.

The annual transfer rate within a fishery may vary considerably from year to year. This is demonstrated in Appendix B where the number of transferable permits, number of transfers, and the transfer rates for each year are presented for individual fisheries. The yearly number of permanent transfers has been relatively low in many fisheries since 1989.

TABLE 1. Statewide Transfer Data on Permanent Permits, by year, 1975 - 1999

Year	Number of Permanent Permits *	Number of Transferable Permits *	Yearly # of Transfers From Initial Issues	Ratio of Transfers From Initial Issues to Transferable Permits	Yearly Number of Transfers **	Ratio of Transfers to Transferable Permits
1975	6762	6762	568	0.08	590	0.09
1976	9173	9160	650	0.07	776	0.08
1977	9772	9710	780	0.08	1108	0.11
1978	9975	9895	777	0.08	1314	0.13
1979	10104	10016	557	0.06	1209	0.12
1980	10132	10040	522	0.05	1060	0.11
1981	10204	10112	505	0.05	1092	0.11
1982	11030	10936	553	0.05	1144	0.10
1983	12488	10965	566	0.05	1211	0.11
1984	12531	11009	414	0.04	1053	0.10
1985	12509	11173	387	0.03	1111	0.10
1986	12517	11226	402	0.04	1191	0.11
1987	12492	11253	305	0.03	1120	0.10
1988	12584	11409	345	0.03	1125	0.10
1989	12655	11495	276	0.02	914	0.08
1990	13027	11911	270	0.02	950	0.08
1991	13066	12000	260	0.02	929	0.08
1992	13419	12366	206	0.02	952	0.08
1993	13423	12429	216	0.02	854	0.07
1994	13404	12460	217	0.02	908	0.07
1995	13357	12461	232	0.02	1010	0.08
1996	13347	12492	228	0.02	941	0.08
1997	13639	12799	262	0.02	961	0.08
1998	14075	13173	186	0.01	860	0.07
1999	14291	13323	172	0.01	814	0.06

Years	Number of Transferable Permit-Years	Total Transfers From Initial Issues	Ratio	Total Number of Transfers	Ratio
75 - 99	280575	9856	0.04	25197	0.09

\* 1002 permits have been revoked. Except for 39 that were re-instated, these have been excluded from the year of revoke forward.

\*\* The number of transfers includes 150 loan foreclosures by the Department of Community and Economic Development or by the Commercial Fishing and Agriculture Bank, and 134 subsequent transfers from these entities.

TABLE 2. Transfer Ratios by Fishery, 1975-1999, All Years Combined

Permits First Issued in:	Permit-Years* 1975-1999		Cumulative # of Transfers from Initial Issues	Ratio of Transfers from Initial Issues to Transferable Permit-Years	Cumulative Number of Transfers**	Ratio of Transfers to Transferable Permit-Years
	Total Permanent	Total Transferable				
1975						
SE Seine	10362	10362	348	0.03	866	0.08
SE Drift	11630	11630	414	0.04	1387	0.12
Power Troll	23492	23492	830	0.04	2097	0.09
Yakutat Setnet	4107	4107	128	0.03	412	0.10
PWS Seine	6487	6487	223	0.03	641	0.10
PWS Drift	13299	13299	428	0.03	1281	0.10
PWS Setnet	735	717	28	0.04	77	0.11
Cook Inlet Seine	1951	1951	73	0.04	197	0.10
Cook Inlet Drift	13824	13824	498	0.04	1427	0.10
Cook Inlet Setnet	18463	18463	617	0.03	2024	0.11
Kodiak Seine	9415	9415	324	0.03	949	0.10
Kodiak Beach Seine	816	771	30	0.04	124	0.16
Kodiak Setnet	4612	4612	161	0.03	604	0.13
Chignik Seine	2245	2245	66	0.03	120	0.05
Pen/Aleutian Seine	2945	2945	90	0.03	219	0.07
Pen/Aleutian Drift	3930	3930	149	0.04	405	0.10
Pen/Aleutian Setnet	2746	2746	101	0.04	336	0.12
Bristol Bay Drift	43637	43637	1500	0.03	3573	0.08
Bristol Bay Setnet	<u>23582</u>	<u>21374</u>	<u>741</u>	<u>0.03</u>	<u>2289</u>	<u>0.11</u>
	198278	196007	6749	0.03	19028	0.10
1976						
U Yukon Gillnet	1568	1568	46	0.03	101	0.06
U Yukon Fish Wheel	3264	3264	118	0.04	237	0.07
Kuskokwim Gillnet	19485	19485	599	0.03	1048	0.05
Kotzebue Gillnet	4928	4928	160	0.03	317	0.06
L Yukon Gillnet	16834	16834	474	0.03	868	0.05
Norton Sd Gillnet	<u>4649</u>	<u>4649</u>	<u>153</u>	<u>0.03</u>	<u>303</u>	<u>0.07</u>
	50728	50728	1550	0.03	2874	0.06
1977-78						
SE Her Seine	996	996	30	0.03	55	0.06
SE Her Gillnet	1847	1847	78	0.04	197	0.11
PWS Her Seine	2286	2286	73	0.03	171	0.07
Cook Inlet Her Seine	<u>1643</u>	<u>1643</u>	<u>54</u>	<u>0.03</u>	<u>137</u>	<u>0.08</u>
	6772	6772	235	0.03	560	0.08
1980-87						
Hand Troll	30139	13748	609	0.04	1610	0.12
NSEI Sable Longline	381	381	22	0.06	35	0.09
SSEI Sable Longline	40	40	4	0.10	9	0.23
SSEI Sable Pots	12	12	1	0.08	1	0.08
SE R/B King Crab Pot	11	11	1	0.09	1	0.09
SE R/B/Brn King Crab Pot	8	8	0	0.00	0	0.00
SE Brn King Crab Pot	17	17	2	0.12	2	0.12
SE R/B King/Tanner Pot	81	81	5	0.06	6	0.07
SE All King/Tanner Pot	146	146	7	0.05	11	0.08
SE Tanner Crab Pot	38	38	3	0.08	5	0.13
PWS Her Gillnet	432	432	20	0.05	38	0.09
PWS Her Pound	1535	1535	81	0.05	128	0.08
Kodiak Her Seine	868	713	38	0.05	91	0.13
Kodiak Her Gillnet	1230	1080	69	0.06	158	0.15
Kodiak Her Seine/Gill	<u>21</u>	<u>13</u>	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
	34959	18255	862	0.05	2095	0.11
1988-91						
BBay Her Spawn on Kelp	2217	2217	70	0.03	78	0.04
Norton Sd Her B Seine	28	28	0	0.00	0	0.00
Nelson Is Her Gillnet	1247	1247	33	0.03	38	0.03
Nunivak Her Gillnet	455	447	7	0.02	10	0.02
L Yukon Her Gillnet	727	727	27	0.04	34	0.05

TABLE 2. Transfer Ratios by Fishery, 1975-1999, All Years Combined

Permits First Issued in:	Permit-Years* 1975-1999		Cumulative # of Transfers from Initial Issues	Ratio of Transfers from Initial Issues to Transferable Permit-Years	Cumulative Number of Transfers**	Ratio of Transfers to Transferable Permit-Years
	Total Permanent	Total Transferable				
Norton Sd Her Gillnet	<u>2370</u>	<u>2370</u>	<u>135</u>	<u>0.06</u>	<u>256</u>	<u>0.11</u>
	7044	7036	272	0.04	416	0.06
1997						
SE Dunge Ring Net	23	0	0	0.00	0	0.00
SE Dunge Dive	8	0	0	0.00	0	0.00
SE Dunge 300 Pot	152	152	20	0.13	24	0.16
SE Dunge 225 Pot	135	135	21	0.16	24	0.18
SE Dunge 150 Pot	242	240	47	0.20	57	0.24
SE Dunge 75 Pot	263	197	48	0.24	63	0.32
CI Dunge Ring Net	3	0	0	0.00	0	0.00
CI Dunge Pot	<u>208</u>	<u>177</u>	<u>3</u>	<u>0.02</u>	<u>4</u>	<u>0.02</u>
	1034	901	139	0.15	172	0.19
1998						
N. SE Her Pound	151	151	13	0.09	13	0.09
S. SE Her Pound	391	294	7	0.02	7	0.02
SE Shrimp Beam	5	5	1	0.20	1	0.20
SE Shrimp Pot	468	280	24	0.09	27	0.10
PWS Net Gear	2	2	0	0.00	0	0.00
PWS Sable Fixed 90ft	2	2	0	0.00	0	0.00
PWS Sable Fixed 50ft	49	49	2	0.04	2	0.04
PWS Sable Fixed 35ft	<u>14</u>	<u>14</u>	<u>1</u>	<u>0.07</u>	<u>1</u>	<u>0.07</u>
	1082	797	48	0.06	51	0.06
1999						
Goodnews Bay Her Gillnet	<u>79</u>	<u>79</u>	<u>1</u>	<u>0.01</u>	<u>1</u>	<u>0.01</u>
	79	79	1	0.01	1	0.01

\* Total permit years are the total number of permits at the end of each year, summed over the entire period.

\*\* The number of transfers includes 150 permit foreclosures and 134 subsequent transfers of these permits.