

II. TRANSFER INCIDENCE

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Statewide Turnover Rates

During the period 1975-2004, 16,106 permanent limited entry permits were issued in 65 limited entry fisheries. However, not all of these permits were available for transfer. AS 16.43.250 requires 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 are nontransferable.

A total of 13,902 transferable permits and 2,204 nontransferable permits have been issued. By the end of 2004, 13,569 transferable permits and 921 nontransferable permits remain. The net loss of 333 transferable permits is due to the cancellation of 457 transferable permits and the addition of 124 permits that were converted from nontransferable to transferable status through the CFEC adjudication process.

During this same time span there were 29,840 permanent permit transfers. Original permit holders transferred 10,786 permits, indicating approximately 77.6% of all transferable permits had changed hands at least once by the end of 2004.

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 still held by initial issuees. This transfer ratio has declined from 0.08 to 0.01 over the 1975-2004 time period. The average annual ratio of transfers from initial issuees to the sum of annual transferable permit counts is 0.03 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 1975-2004 time period, and averaged 0.09 for all years combined. As can be seen in Table 1, this transfer ratio dropped below the all-years average in 1989 and has remained relatively low through 2004. The 0.06 ratio in 1999 and again in 2002 is the lowest turnover rate recorded in all years.

Turnover Ratios by Permit Type, 1975-2004

In Table 2, permit types were divided into groups based upon the year(s) in which they were limited. A summary of transfer rates is provided for each group. The first group consists of the original 19 salmon permit types for which permanent permits were first issued in 1975. The second group consists of the 6 Arctic-Yukon-Kuskokwim (AYK) salmon permit types for which permanent permits were first issued in 1976. The remaining limited herring, roe herring, shellfish, dive and sablefish permit types are also grouped by years of limitation. These permit type groupings appear on tables throughout the report.

The sum of annual permit counts represent a summation of the number of transferable permits existing at the end of each year. These rates are comparable to the all-years statewide summary rates presented in Table 1.

Two measures of average annual transfer rates for individual permit types are shown in Table 2. The first transfer rate is calculated by dividing the cumulative total transfers from initial issuees, 1975 to 2004, by the sum of annual transferable permit counts over the same period. The permit types 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 permit type.

The second transfer rate is calculated by dividing all permanent transfers over the time period by the sum of annual transferable permit counts over the same period. For the second type of turnover rate (ratio of transfers to the sum of annual transferable permit counts), the transfer rates vary considerably by permit type. The transfer rates for about one-half of the permit types are 0.09 or greater when averaged across all years. Some of the permit types with lower annual average rates are all of the AYK salmon permit types, most of the westward herring permit types, the Chignik salmon purse seine, the Goodnews Bay herring gillnet, and the Cook Inlet dungeness pot permit.

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

TABLE 1. Statewide Transfer Data on Permanent Permits by Year, 1975 – 2004

Year	Number of Permanent Permits*	Number of Transferable Permits**	Annual Number of Transfers From Initial Issues	Ratio of Transfers From Initial Issues to Transferable Permits	Total Annual Number of Transfers***	Ratio of Transfers to Transferable Permits
1975	6,762	6,762	568	0.08	590	0.09
1976	9,173	9,160	650	0.07	776	0.08
1977	9,772	9,710	780	0.08	1,108	0.11
1978	9,975	9,895	777	0.08	1,314	0.13
1979	10,104	10,016	557	0.06	1,209	0.12
1980	10,132	10,040	522	0.05	1,060	0.11
1981	10,204	10,112	505	0.05	1,092	0.11
1982	11,030	10,936	553	0.05	1,144	0.10
1983	12,488	10,965	566	0.05	1,211	0.11
1984	12,531	11,009	414	0.04	1,053	0.10
1985	12,509	11,173	387	0.03	1,111	0.10
1986	12,517	11,226	402	0.04	1,191	0.11
1987	12,492	11,253	305	0.03	1,120	0.10
1988	12,584	11,409	345	0.03	1,125	0.10
1989	12,655	11,495	276	0.02	914	0.08
1990	13,027	11,911	270	0.02	950	0.08
1991	13,066	12,000	260	0.02	929	0.08
1992	13,419	12,366	206	0.02	952	0.08
1993	13,423	12,429	216	0.02	854	0.07
1994	13,404	12,460	217	0.02	908	0.07
1995	13,357	12,461	232	0.02	1,010	0.08
1996	13,347	12,492	228	0.02	941	0.08
1997	13,639	12,798	262	0.02	961	0.08
1998	14,075	13,171	186	0.01	860	0.07
1999	14,291	13,321	172	0.01	814	0.06
2000	14,336	13,400	179	0.01	964	0.07
2001	14,802	13,708	256	0.02	958	0.07
2002	14,801	13,730	163	0.01	793	0.06
2003	14,654	13,660	183	0.01	942	0.07
2004	14,490	13,569	149	0.01	986	0.07

Years	Sum of Annual Transferable Permits	Total Transfers From Initial Issues	Ratio	Total Number of Transfers	Ratio
1975 - 2004	348,637	10,786	0.03	29,840	0.09

* 1,678 permits have been cancelled. Except for 62 that were reinstated, these have been excluded from the year of cancellation forward.

** 457 transferable permits have been cancelled and 124 transferable permits have been added through conversion from nontransferable to transferable status through the CFEC adjudication process

*** The number of transfers includes 298 loan foreclosures by the Department of Commerce, Community and Economic Development or by the Commercial Fishing and Agriculture Bank, and 214 subsequent transfers from these entities.

TABLE 2. Transfer Ratios by Permit Type, 1975-2004, All Years Combined

Permits First Issued in:	Sum of Annual Permit Counts* 1975-2004		Cumulative Number of Transfers from Initial Issues	Ratio of Transfers from Initial Issues to Sum of Annual Transferable Permit Counts	Cumulative Number of Transfers**	Ratio of Transfers to Sum of Annual Transferable Permit Counts
	Total Permanent	Total Transferable				
1975						
SE Salmon Seine	12,434	12,434	365	0.03	984	0.08
SE Salmon Drift Gillnet	13,995	13,995	425	0.03	1,574	0.11
Salmon Power Troll	28,309	28,309	877	0.03	2,478	0.09
Yakutat Salmon Setnet	4,938	4,938	139	0.03	478	0.10
PWS Salmon Seine	7,819	7,819	232	0.03	717	0.09
PWS Salmon Drift Gillnet	15,984	15,984	447	0.03	1,432	0.09
PWS Salmon Setnet	885	862	29	0.03	101	0.12
Cook Inlet Salmon Seine	2,359	2,359	77	0.03	217	0.09
Cook Inlet Salmon Drift	16,673	16,673	523	0.03	1,648	0.10
Cook Inlet Salmon Setnet	22,176	22,176	635	0.03	2,271	0.10
Kodiak Salmon Seine	11,314	11,314	328	0.03	1,036	0.09
Kodiak Salmon Beach Seine	983	934	30	0.03	126	0.13
Kodiak Salmon Setnet	5,552	5,552	166	0.03	727	0.13
Chignik Salmon Seine	2,695	2,695	69	0.03	142	0.05
Pen/Aleutian Salmon Seine	3,542	3,542	100	0.03	256	0.07
Pen/Aleutian Salmon Drift	4,731	4,731	151	0.03	477	0.10
Pen/Aleutian Salmon Setnet	3,311	3,311	105	0.03	394	0.12
Bristol Bay Salmon Drift	52,937	52,937	1,613	0.03	4,339	0.08
Bristol Bay Salmon Setnet	<u>28,588</u>	<u>25,982</u>	<u>783</u>	<u>0.03</u>	<u>2,700</u>	<u>0.10</u>
	239,225	236,547	7,094	0.03	22,097	0.09
1976						
Upper Yukon Salmon Gillnet	1,923	1,923	47	0.02	105	0.05
U Yukon Salmon Fish Wheel	4,029	4,029	121	0.03	251	0.06
Kuskokwim Salmon Gillnet	23,509	23,509	647	0.03	1,194	0.05
Kotzebue Salmon Gillnet	5,854	5,854	170	0.03	341	0.06
Lower Yukon Salmon Gillnet	20,321	20,321	508	0.02	1,007	0.05
Norton Sound Salmon Gillnet	<u>5,549</u>	<u>5,549</u>	<u>158</u>	<u>0.03</u>	<u>321</u>	<u>0.06</u>
	61,185	61,185	1,651	0.03	3,219	0.05
1977-1978						
SE Roe Herring Seine	1,221	1,221	34	0.03	71	0.06
SE Herring Gillnet	2,384	2,384	84	0.04	239	0.10
PWS Roe Herring Seine	2,806	2,806	73	0.03	182	0.06
Cook Inlet Herring Seine	<u>2,013</u>	<u>2,013</u>	<u>54</u>	<u>0.03</u>	<u>142</u>	<u>0.07</u>
	8,424	8,424	245	0.03	634	0.08
1980-1987						
Salmon Hand Troll	36,326	17,529	646	0.04	1,977	0.11
NSEI Sablefish Longline	578	578	25	0.04	46	0.08
SSEI Sablefish Longline	60	60	4	0.07	10	0.17
SSEI Sablefish Pots	17	17	1	0.06	1	0.06
SE Red,Blue King Crab Pot	19	19	2	0.11	4	0.21
SE Red,Blue,Brn King Crab Pot	21	21	2	0.10	2	0.10
SE Brown King Crab Pot	32	32	3	0.09	4	0.13
SE Red,Blue King/Tanner Pot	134	134	9	0.07	12	0.09
SE Brown King/Tanner Pot	7	7	2	0.29	2	0.29
SE All King/Tanner Pot	239	239	11	0.05	16	0.07
SE Tanner Crab Pot	99	99	10	0.10	13	0.13
PWS Roe Herring Gillnet	552	552	20	0.04	39	0.07
PWS Her Spawn on Kelp Pound	2,174	2,174	82	0.04	132	0.06
Kodiak Roe Herring Seine	1,211	983	38	0.04	101	0.10
Kodiak Roe Herring Gillnet	1,694	1,487	69	0.05	165	0.11
Kodiak Roe Her Seine/Gill	<u>31</u>	<u>18</u>	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
	43,194	23,949	924	0.04	2,524	0.11

TABLE 2. Transfer Ratios by Permit Type, 1975-2004, All Years Combined

Permits First Issued in:	Sum of Annual Permit Counts* 1975-2004		Cumulative Number of Transfers from Initial Issuees	Ratio of Transfers from Initial Issuees to Sum of Annual Transferable Permit Counts	Cumulative Number of Transfers**	Ratio of Transfers to Sum of Annual Transferable Permit Counts
	Total Permanent	Total Transferable				
1988-1991						
BBay Herring Spawn on Kelp	3,604	3,604	87	0.02	102	0.03
Norton Sd Her Beach Seine	48	48	1	0.02	1	0.02
Nelson Island Her Gillnet	1,936	1,936	43	0.02	55	0.03
Nunivak Island Her Gillnet	702	676	11	0.02	15	0.02
Lower Yukon Herring Gillnet	1,085	1,085	34	0.03	43	0.04
Norton Sd Herring Gillnet	<u>3,597</u>	<u>3,597</u>	<u>151</u>	<u>0.04</u>	<u>298</u>	<u>0.08</u>
	10,972	10,946	327	0.03	514	0.05
1997						
SE Dungeness Ring Net	54	0	0	0.00	0	0.00
SE Dungeness Dive	19	0	0	0.00	0	0.00
SE Dungeness 300 Pot	397	397	35	0.09	54	0.14
SE Dungeness 225 Pot	356	344	32	0.09	53	0.15
SE Dungeness 150 Pot	655	644	58	0.09	120	0.19
SE Dungeness 75 Pot	769	537	57	0.11	126	0.23
Cook Inlet Dunge Ring Net	6	0	0	0.00	0	0.00
Cook Inlet Dungeness Pot	<u>558</u>	<u>472</u>	<u>6</u>	<u>0.01</u>	<u>8</u>	<u>0.02</u>
	2,814	2,394	188	0.08	361	0.15
1998						
NSE Her Spawn on Kelp Pound	651	651	57	0.09	87	0.13
SSE Her Spawn on Kelp Pound	1,348	1,033	71	0.07	84	0.08
SE Shrimp Otter Trawl	2	0	0	0.00	0	0.00
SE Shrimp Beam Trawl	125	114	7	0.06	8	0.07
SE Shrimp Pot	1,922	1,050	74	0.07	112	0.11
PWS Sablefish Net Gear	7	7	0	0.00	0	0.00
PWS Sablefish Fixed 90ft	7	7	1	0.14	3	0.43
PWS Sablefish Fixed 60ft	9	9	2	0.22	2	0.22
PWS Sablefish Fixed 50ft	201	201	17	0.08	20	0.10
PWS Sablefish Fixed 35ft	<u>56</u>	<u>56</u>	<u>8</u>	<u>0.14</u>	<u>13</u>	<u>0.23</u>
	4,328	3,128	237	0.08	329	0.11
1999-2002						
SE Urchin Dive	354	354	49	0.14	72	0.20
SE Geoduck Dive	183	183	14	0.08	24	0.13
SE Cucumber Dive	1459	617	41	0.07	50	0.08
Goodnews Bay Her Gillnet	854	843	16	0.02	16	0.02
Kodiak Fd/Bt Her Seine/Gill	15	15	0	0.00	0	0.00
Kodiak Fd/Bt Her Trawl 75ft	3	3	0	0.00	0	0.00
Kodiak Fd/Bt Her Trawl 70ft	3	3	0	0.00	0	0.00
Kodiak Fd/Bt Her Trawl 60ft	<u>6</u>	<u>6</u>	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
	2,877	2,024	120	0.06	162	0.08
2004						
Kodiak Tnr Bairdi, Pot > 60ft	6	6	0	0.00	0	0.00
Kodiak Tnr Bairdi, Pot < 60ft	<u>34</u>	<u>34</u>	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
	40	40	0	0.00	0	0.00

* The sum of annual permit counts is the total number of permits at the end of each year, summed over the entire period.

** The number of transfers includes 298 permit foreclosures and 214 subsequent transfers of these permits.

