

## **II. TRANSFER INCIDENCE**



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### Statewide Turnover Rates

During the period 1975-2005, 16,264 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 14,033 transferable permits and 2,231 nontransferable permits have been issued. By the end of 2005 14,536 permits remain, 13,653 transferable and 883 nontransferable. The net reduction of 380 transferable permits is due to the cancellation of 504 transferable permits and the net addition of 124 permits that were converted from nontransferable to transferable status through the CFEC adjudication process. The net reduction of 1,348 nontransferable permits is due to the cancellation of 1,224 nontransferable permits and the net conversion of 124 nontransferable permits to transferable status through the CFEC adjudication process.

During this same time span there were 30,980 permanent permit transfers. Original permit holders transferred 10,964 permits, indicating approximately 78.1% of all transferable permits had changed hands at least once by the end of 2005.

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 1975-2005 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 1975-2005 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 2005. The 0.06 ratio in 1999 and again in 2002 is the lowest turnover rate recorded in all years.

## **Turnover Ratios by Permit Type, 1975-2005**

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 issues, 1975 to 2005, 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 issues, but this rate is expected to decline over time because each year there will be fewer initial issues 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 permit, the Goodnews Bay herring gillnet permit, the Cook Inlet Dungeness pot permit, and the Kodiak Tanner bairdi pot gear permit for vessels up to 120 feet.

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.

**TABLE 1. Statewide Transfer Data on Permanent Permits by Year, 1975 – 2005**

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	14,488	13,569	149	0.01	984	0.07
2005	14,536	13,653	178	0.01	1,142	0.08

Years	Sum of Annual Transferable Permits	Total Transfers From Initial Issues	Ratio	Total Number of Transfers	Ratio
1975 - 2005	362,290	10,964	0.03	30,980	0.09

\* 1,812 permits have been cancelled. Except for 84 that were reinstated, these have been excluded from the year of cancellation forward.

\*\* 504 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 313 loan foreclosures by the Department of Commerce, Community and Economic Development or by the Commercial Fishing and Agriculture Bank, and 247 subsequent transfers from these entities.

**TABLE 2. Transfer Ratios by Permit Type, 1975-2005, All Years Combined**

Permits First Issued in:	Sum of Annual Permit Counts* 1975-2005		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				
<b>1975</b>						
SE Salmon Seine	12,849	12,849	366	0.03	1,012	0.08
SE Salmon Drift Gillnet	14,468	14,468	426	0.03	1,613	0.11
Salmon Power Troll	29,270	29,270	887	0.03	2,549	0.09
Yakutat Salmon Setnet	5,106	5,106	143	0.03	500	0.10
PWS Salmon Seine	8,085	8,085	236	0.03	736	0.09
PWS Salmon Drift Gillnet	16,521	16,521	450	0.03	1,470	0.09
PWS Salmon Setnet	915	891	29	0.03	104	0.12
Cook Inlet Salmon Seine	2,441	2,441	79	0.03	228	0.09
Cook Inlet Salmon Drift	17,243	17,243	526	0.03	1,708	0.10
Cook Inlet Salmon Setnet	22,913	22,913	640	0.03	2,349	0.10
Kodiak Salmon Seine	11,688	11,688	331	0.03	1,061	0.09
Kodiak Salmon Beach Seine	1,014	965	30	0.03	127	0.13
Kodiak Salmon Setnet	5,740	5,740	167	0.03	757	0.13
Chignik Salmon Seine	2,785	2,785	69	0.02	149	0.05
Pen/Aleutian Salmon Seine	3,661	3,661	101	0.03	266	0.07
Pen/Aleutian Salmon Drift	4,893	4,893	154	0.03	502	0.10
Pen/Aleutian Salmon Setnet	3,424	3,424	107	0.03	411	0.12
Bristol Bay Salmon Drift	54,796	54,796	1,638	0.03	4,568	0.08
Bristol Bay Salmon Setnet	<u>29,576</u>	<u>26,902</u>	<u>791</u>	<u>0.03</u>	<u>2,803</u>	<u>0.10</u>
	247,388	244,641	7,170	0.03	22,913	0.09
<b>1976</b>						
Upper Yukon Salmon Gillnet	1,990	1,990	47	0.02	106	0.05
U Yukon Salmon Fish Wheel	4,164	4,164	121	0.03	252	0.06
Kuskokwim Salmon Gillnet	24,279	24,279	653	0.03	1,219	0.05
Kotzebue Salmon Gillnet	6,027	6,027	170	0.03	343	0.06
Lower Yukon Salmon Gillnet	21,011	21,011	517	0.02	1,049	0.05
Norton Sound Salmon Gillnet	<u>5,703</u>	<u>5,703</u>	<u>159</u>	<u>0.03</u>	<u>322</u>	<u>0.06</u>
	63,174	63,174	1,667	0.03	3,291	0.05
<b>1977-1978</b>						
SE Roe Herring Seine	1,267	1,267	36	0.03	74	0.06
SE Herring Gillnet	2,492	2,492	84	0.03	248	0.10
PWS Roe Herring Seine	2,910	2,910	73	0.03	183	0.06
Cook Inlet Herring Seine	<u>2,087</u>	<u>2,087</u>	<u>54</u>	<u>0.03</u>	<u>142</u>	<u>0.07</u>
	8,756	8,756	247	0.03	647	0.07
<b>1980-1987</b>						
Salmon Hand Troll	37,432	18,263	657	0.04	2,071	0.11
NSEI Sablefish Longline	619	619	27	0.04	49	0.08
SSEI Sablefish Longline	64	64	4	0.06	11	0.17
SSEI Sablefish Pots	18	18	1	0.06	1	0.06
SE Red,Blue King Crab Pot	21	21	2	0.10	4	0.19
SE Red,Blue,Brn King Crab Pot	25	25	3	0.12	3	0.12
SE Brown King Crab Pot	36	36	3	0.08	5	0.14
SE Red,Blue King/Tanner Pot	146	146	10	0.07	13	0.09
SE Brown King/Tanner Pot	9	9	2	0.22	2	0.22
SE All King/Tanner Pot	260	260	13	0.05	20	0.08
SE Tanner Crab Pot	117	117	11	0.09	15	0.13
PWS Roe Herring Gillnet	576	576	20	0.03	39	0.07
PWS Her Spawn on Kelp Pound	2,302	2,302	82	0.04	134	0.06
Kodiak Roe Herring Seine	1,278	1,036	38	0.04	103	0.10
Kodiak Roe Herring Gillnet	1,787	1,567	69	0.04	169	0.11
Kodiak Roe Her Seine/Gill	<u>33</u>	<u>19</u>	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
	44,723	25,078	942	0.04	2,639	0.11

**TABLE 2. Transfer Ratios by Permit Type, 1975-2005, All Years Combined**

Permits First Issued in:	Sum of Annual Permit Counts* 1975-2005		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				
1988-1991						
BBay Herring Spawn on Kelp	3,867	3,867	91	0.02	109	0.03
Norton Sd Her Beach Seine	52	52	1	0.02	1	0.02
Nelson Island Her Gillnet	2,057	2,057	48	0.02	61	0.03
Nunivak Island Her Gillnet	748	718	12	0.02	16	0.02
Lower Yukon Herring Gillnet	1,146	1,146	35	0.03	46	0.04
Norton Sd Herring Gillnet	<u>3,842</u>	<u>3,842</u>	<u>154</u>	<u>0.04</u>	<u>305</u>	<u>0.08</u>
	11,712	11,682	341	0.03	538	0.05
1997						
SE Dungeness Ring Net	59	0	0	0.00	0	0.00
SE Dungeness Dive	21	0	0	0.00	0	0.00
SE Dungeness 300 Pot	446	446	35	0.08	55	0.12
SE Dungeness 225 Pot	400	387	32	0.08	56	0.14
SE Dungeness 150 Pot	738	725	60	0.08	127	0.18
SE Dungeness 75 Pot	868	606	58	0.10	135	0.22
Cook Inlet Dunge Ring Net	6	0	0	0.00	0	0.00
Cook Inlet Dungeness Pot	<u>628</u>	<u>531</u>	<u>6</u>	<u>0.01</u>	<u>8</u>	<u>0.02</u>
	3,166	2,695	191	0.07	381	0.14
1998						
NSE Her Spawn on Kelp Pound	754	754	61	0.08	98	0.13
SSE Her Spawn on Kelp Pound	1,533	1,181	71	0.06	90	0.08
SE Shrimp Otter Trawl	3	0	0	0.00	0	0.00
SE Shrimp Beam Trawl	149	136	8	0.06	9	0.07
SE Shrimp Pot	2,191	1,204	81	0.07	124	0.10
PWS Sablefish Net Gear	8	8	0	0.00	0	0.00
PWS Sablefish Fixed 90ft	8	8	1	0.13	2	0.25
PWS Sablefish Fixed 60ft	11	11	2	0.18	2	0.18
PWS Sablefish Fixed 50ft	233	233	20	0.09	26	0.11
PWS Sablefish Fixed 35ft	<u>65</u>	<u>65</u>	<u>9</u>	<u>0.14</u>	<u>15</u>	<u>0.23</u>
	4,955	3,600	253	0.07	366	0.10
1999-2002						
SE Urchin Dive	436	436	49	0.11	75	0.17
SE Geoduck Dive	256	232	17	0.07	30	0.13
SE Cucumber Dive	1,790	772	49	0.06	62	0.08
Goodnews Bay Her Gillnet	1,006	993	19	0.02	19	0.02
Kodiak Fd/Bt Her Seine/Gill	20	20	0	0.00	0	0.00
Kodiak Fd/Bt Her Trawl 75ft	4	4	0	0.00	0	0.00
Kodiak Fd/Bt Her Trawl 70ft	4	4	0	0.00	0	0.00
Kodiak Fd/Bt Her Trawl 60ft	<u>8</u>	<u>8</u>	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
	3,524	2,469	134	0.05	186	0.08
2004						
Kodiak Tnr Bairdi Pot 120ft	40	40	1	0.03	1	0.03
Kodiak Tnr Bairdi Pot 60ft	<u>155</u>	<u>155</u>	<u>18</u>	<u>0.12</u>	<u>18</u>	<u>0.12</u>
	195	195	19	0.10	19	0.10

\* 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 313 permit foreclosures and 247 subsequent transfers of these permits.

