

30 Years of Limited Entry

Presented by
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Commercial Fisheries Entry Commission

Alaska Constitution
Article VIII, Section 15
No Exclusive Right of Fishery

No exclusive right or special privilege of fishery shall be created or authorized in the natural waters of the State.

1972 Constitutional Amendment Allowing for Limited Entry

This section does not restrict the power of the State to limit entry into any fishery for purposes of resource conservation, to prevent economic distress among fishermen and those dependent upon them for a livelihood, and to promote the efficient development of aquaculture in the State.

Limited Entry Law

- Enacted in 1973
- Permits may only be issued to natural persons who are gear operators
- Permits may not be leased
- Permits cannot be encumbered or used as collateral for loans
- Most limited entry permits are freely transferable

Transferability

- Free to transfer to family member or other individual with ability to participate in fishery
- Transfers may occur by gift, inheritance, or sale
- Allows permits to remain in families across generations rather than revert back to the state
- Resulted in maintaining high percentages of residents in Alaska's fisheries while meeting constitutional requirement of equal access

Limited Entry Permits Held by Alaskans & Non-Alaskans

| | Alaska Held | Nonresident Held | Total |
|-------------------|--------------|---------------------|---------------|
| Permits Issued | 13,294 (82%) | 2,970 (18%) | 16,264 (100%) |
| Year-end 2005 | 11,171 (77%) | 3,365 (23%) | 14,536 (100%) |

Permit Holdings at Initial Issuance & Year-end 2005

| | Permits Issued | | Year-end 2005 | |
|---------------------|----------------|---------------|---------------|---------------|
| Nonresident | 2,970 | (18%) | 3,365 | (23%) |
| AK Rural Local | 7,528 | (46%) | 5,539 | (38%) |
| AK Rural Nonlocal | 678 | (4%) | 807 | (6%) |
| AK Urban Local | 4,227 | (26%) | 3,475 | (24%) |
| AK Urban Nonlocal | 861 | (5%) | 1,284 | (9%) |
| State Auth. Lenders | 0 | (0%) | 66 | (<1%) |
| Total | 16,264 | (100%) | 14,536 | (100%) |

Summary of Net Change in Permit Holdings, 1975-2005

| | Permits Issued | Transfer | Migrate | Cancel | Year-end 2005 |
|---|----------------|----------|---------|--------|---------------|
| Nonresident | 2,970 | -99 | 783 | -289 | 3,365 |
| AK Rural Local | 7,528 | -605 | -784 | -600 | 5,539 |
| AK Rural Nonlocal | 678 | 192 | -4 | -59 | 807 |
| AK Urban Local | 4,227 | 224 | -305 | -671 | 3,475 |
| AK Urban Nonlocal | 861 | 222 | 310 | -109 | 1,284 |
| State Authorized Lenders (foreclosures) | | | | | 66 |

Alaska Communities with Highest Number of Issued Permits

| | 2000 Population | Pmts. Issued | Pmts. 2005 |
|-------------------|-----------------|--------------|------------|
| Ketchikan | 7,922 | 752 | 439 |
| Anchorage | 260,283 | 663 | 744 |
| Juneau | 30,711 | 663 | 445 |
| Cordova | 2,454 | 633 | 489 |
| Petersburg | 3,224 | 628 | 731 |
| Kodiak | 6,334 | 591 | 574 |
| Sitka | 8,835 | 532 | 591 |
| Wrangell | 2,308 | 367 | 319 |
| Togiak | 809 | 360 | 291 |
| Dillingham | 2,466 | 360 | 252 |

Alaska Communities with Highest Number of Year-end 2005 Permits

| | 2000 Population | Pmts. Issued | Pmts. 2005 |
|------------|-----------------|--------------|------------|
| Anchorage | 260,283 | 663 | 744 |
| Petersburg | 3,224 | 628 | 731 |
| Sitka | 8,835 | 532 | 591 |
| Kodiak | 6,334 | 591 | 574 |
| Homer | 3,946 | 254 | 514 |
| Cordova | 2,454 | 633 | 489 |
| Juneau | 30,711 | 663 | 445 |
| Ketchikan | 7,922 | 752 | 439 |
| Wrangell | 2,308 | 367 | 319 |
| Togiak | 809 | 360 | 291 |

Alaska Communities with the Greatest Net Decrease in Permit Holdings

| | 2000 Population | Pmts. Issued | Change | Pmts. 2005 |
|-------------|-----------------|--------------|--------|------------|
| Ketchikan | 7,922 | 752 | -313 | 439 |
| Juneau | 30,711 | 663 | -218 | 445 |
| Cordova | 2,454 | 633 | -144 | 489 |
| Dillingham | 2,466 | 360 | -108 | 252 |
| Angoon | 572 | 100 | -69 | 31 |
| Togiak | 809 | 360 | -69 | 291 |
| Point Baker | 35 | 86 | -61 | 25 |
| Kake | 710 | 114 | -55 | 59 |
| Hoonah | 860 | 169 | -54 | 115 |
| Metlakatla | 1,375 | 108 | -52 | 56 |

Alaska Communities with the Greatest Net Increase in Permit Holdings

| | 2000 Population | Pmts. Issued | Change | Pmts. 2005 |
|------------|-----------------|--------------|--------|------------|
| Homer | 3,946 | 254 | 260 | 514 |
| Kasilof | 471 | 43 | 112 | 155 |
| Petersburg | 3,224 | 628 | 103 | 731 |
| Wasilla | 5,469 | 28 | 100 | 128 |
| Anchorage | 260,283 | 663 | 81 | 744 |
| Sitka | 8,835 | 532 | 59 | 591 |
| Nikiski | 4,327 | 2 | 51 | 53 |
| Palmer | 4,533 | 33 | 34 | 67 |
| Girdwood | 260,283 | 4 | 33 | 37 |
| Soldotna | 3,759 | 111 | 24 | 135 |

Alaska Communities with the Greatest No. of Permits Per Capita

| | 2000 Population | Pmts. 2005 | Pct. of pop. |
|---------------|-----------------|------------|--------------|
| Elfin Cove | 32 | 25 | 78% |
| Point Baker | 35 | 25 | 71% |
| Meyers Chuck | 21 | 13 | 62% |
| Ugashik | 11 | 6 | 55% |
| Togiak | 809 | 291 | 36% |
| Kasilof | 471 | 155 | 33% |
| Nelson Lagoon | 83 | 27 | 33% |
| South Naknek | 137 | 43 | 31% |
| Yakutat | 680 | 194 | 29% |

| | 2000 Population | Pmts. 2005 | Pct. of pop. |
|----------------|-----------------|------------|--------------|
| Manokotak | 399 | 111 | 28% |
| Port Alexander | 81 | 22 | 27% |
| Chignik Lagoon | 103 | 26 | 25% |
| Edna Bay | 49 | 12 | 24% |
| Platinum | 41 | 10 | 24% |
| Petersburg | 3,224 | 731 | 23% |
| Pelican | 163 | 38 | 23% |
| Mekoryuk | 210 | 46 | 22% |
| Egegik | 116 | 26 | 22% |
| Cordova | 2,454 | 489 | 20% |
| Goodnews Bay | 230 | 46 | 20% |

Transfer Rates

| Year | #Transferable permits | # Transfers from initial issues / #Transferable permits | #Transfers / #Transferable permits |
|------|-----------------------|---|------------------------------------|
| 1975 | 6,762 | 0.08 | 0.09 |
| 1980 | 10,040 | 0.05 | 0.11 |
| 1985 | 11,173 | 0.03 | 0.10 |
| 1990 | 11,911 | 0.02 | 0.08 |
| 1995 | 12,461 | 0.02 | 0.08 |
| 2000 | 13,400 | 0.01 | 0.07 |
| 2005 | 13,653 | 0.01 | 0.08 |

Transfer Acquisition Method by Resident Type of Recipient

| | Gift | Sale | Trade | Other | Total |
|-------------------|------|------|-------|-------|-------|
| Nonresident | 29% | 67% | 1% | 3% | 7,162 |
| AK Rural Local | 49% | 45% | 2% | 4% | 8,019 |
| AK Rural Nonlocal | 29% | 65% | 2% | 5% | 1,654 |
| AK Urban Local | 28% | 67% | 2% | 3% | 5,866 |
| AK Urban Nonlocal | 27% | 67% | 1% | 5% | 2,798 |

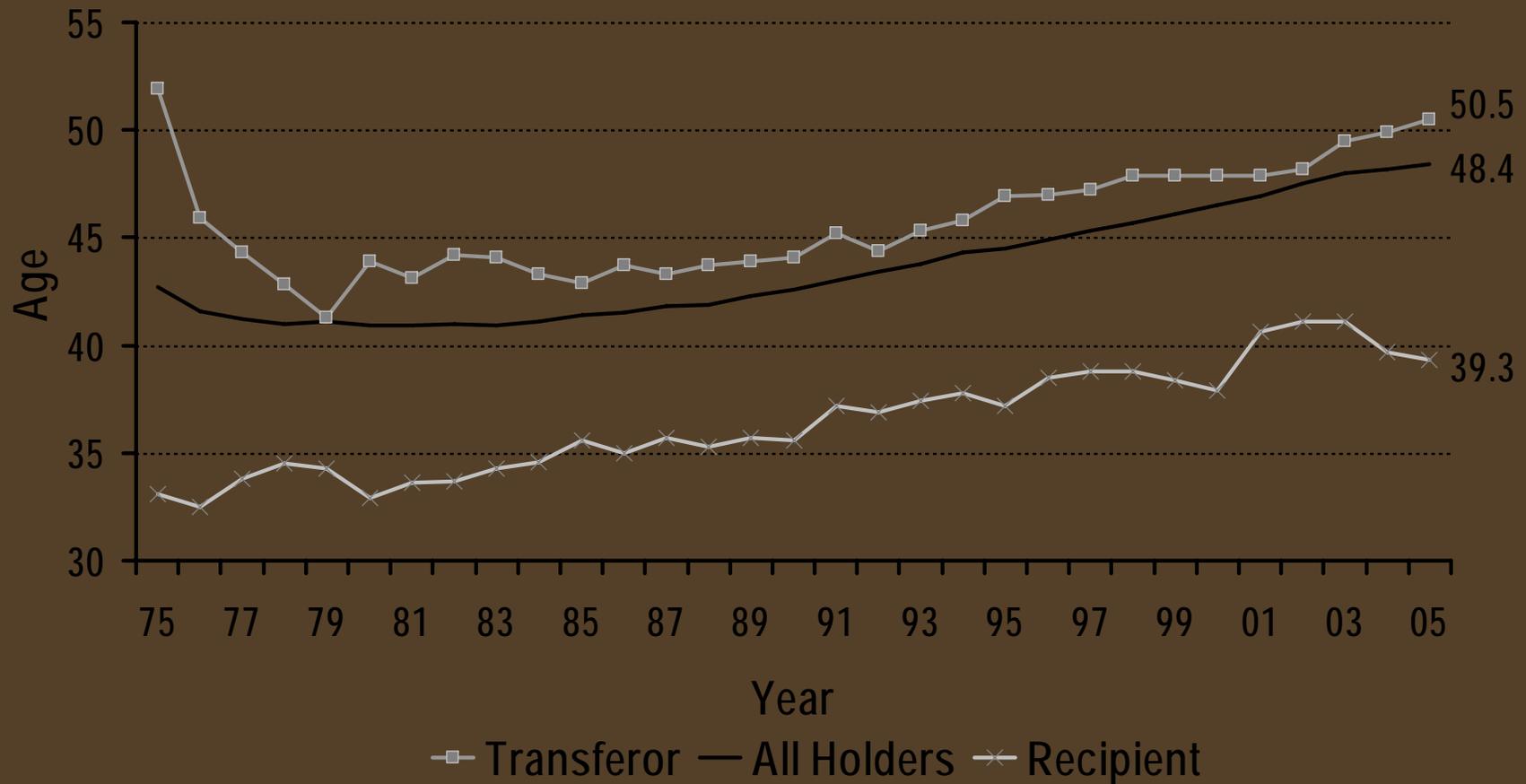
Relationship in Transfers by Resident Type of Recipient

| | Friend/ Partner | Immed. Family | Other Relative | Other | Total |
|-------------------|--------------------|------------------|-------------------|-------|-------|
| Nonresident | 21% | 26% | 5% | 49% | 7,162 |
| AK Rural Local | 18% | 49% | 6% | 28% | 8,019 |
| AK Rural Nonlocal | 14% | 29% | 4% | 52% | 1,654 |
| AK Urban Local | 22% | 28% | 4% | 47% | 5,866 |
| AK Urban Nonlocal | 18% | 27% | 4% | 51% | 2,798 |

Sources of Permit Financing by Resident Type of Recipient

| | Self/ Other | Bank | AK Auth. Lenders | Trans- feror | Proc- essor | Comb- ination |
|----------------------|----------------|-----------|---------------------|-----------------|----------------|------------------|
| Non- resident | 3,612 75% | 421 9% | 26 1% | 502 11% | 86 2% | 149 3% |
| AK Rural Local | 2,068 57% | 220 6% | 933 26% | 220 6% | 46 1% | 129 4% |
| AK Rural Nonlocal | 532 50% | 45 4% | 405 38% | 59 6% | 8 1% | 24 2% |
| AK Urban Local | 2,423 62% | 235 6% | 909 23% | 228 6% | 40 1% | 86 2% |
| AK Urban Nonlocal | 1,025 55% | 81 4% | 589 32% | 120 6% | 5 <1% | 46 3% |

Mean Ages for Permit Transferors, Transfer Recipients, and All Holders



Evidence of Success

- Protected Alaska's fisheries from influx of new fishermen from West Coast fisheries reduced by court decisions and stock conditions
- Fisheries are generating positive economic benefits that may not exist under open access
- Has survived constitutional challenges despite severe constitutional constraints

Efforts Toward Restructuring Salmon Fisheries

- Experimental Board regulations for a Chignik cooperative
- Board allowed 2 permit holders to fish a single operation with additional gear in Bristol Bay
- Board now may consider allowing a person who holds 2 permits to fish additional gear
- Southeast seine private buyback enabling legislation

Explore Refinements

- Designed for Alaska's salmon fisheries, characterized by owner/operator participants and escapement goal management
- Less useful in fisheries managed through guideline harvest levels or quota
- Legislation will be needed to allow the state to implement any other programs

Legal Constraints on Options

Alaska Supreme Court Decisions

- State v. Ostrosky (1983) and Johns v. CFEC (1988)
 - “[T]o be constitutional, a limited entry system should impinge as little as possible on the open fishery clauses consistent with the constitutional purposes of limited entry, namely, prevention of economic distress to fishermen and resource conservation.”
- Grunert v. State (2005)
 - Allowing persons who are not actually fishing to benefit from the fishery resource is “inconsistent with the Limited Entry Act’s purpose and policy”
- State v. Enserch (1989)
 - Statute providing a 50% hiring preference to residents of economically distressed zones violates Alaska’s equal protection clause
- McDowell v. State (1989)
 - Rural preference in times of limited resource violates the equal access clauses of Article VIII of the Alaska Constitution

Commercial Fisheries Entry Commission

Visit www.cfec.state.ak.us

for detailed fishery participation information
and summary reports