

1. INTRODUCTION

In 1973, the Alaska State Legislature enacted Alaska’s Limited Entry law (AS 16.43) for commercial fisheries. The law established a new agency, the Commercial Fisheries Entry Commission (CFEC), to administer a program regulating entry into commercial fisheries under state jurisdiction. Limited entry was implemented in most of the salmon fisheries in 1974. By yearend 1999, permanent limited entry permits had been issued in 58 commercial fisheries : 26 salmon fisheries, 17 herring fisheries, 8 crab fisheries, 5 sablefish fisheries, and 2 shrimp fisheries.

A legal prerequisite of the Limited Entry Act was that permits not be locked in the hands of those who were originally issued them (i.e. “initial issuees”).¹ After much study and debate, the legislature finally chose free transferability as the method for allowing orderly entry and exit from the fisheries.

Free transferability allows parents to transfer their permits to their children, allows permits to be inherited upon the death of the holder, allows persons to enter and exit fisheries at times opportune to them, and eliminates the need for an expensive and time consuming bureaucratic process to handle permit reallocation. Free transferability facilitates permit exchange and promotes overall efficiency. Many other transfer options were lacking with respect to these criteria.

In 1983, the Alaska Supreme Court ruled on the State of Alaska v. Ostrosky, 667 P.2d 1184 (1983), which challenged the constitutionality of the Limited Entry Act, particularly the free transferability provisions. The Alaska Supreme Court upheld the constitutionality of both the Act and free transferability and also affirmed the legislative objectives in adopting the transferability option. The decision was subsequently allowed to stand by the United States Supreme Court when it dismissed the Ostrosky appeal in Ostrosky v. State, 104 S. Ct 2379 (1984), rehearing denied 104 S. Ct. 3572 (1984).

¹ Note that initial issuance refers to the issuance of a new permit whenever this occurred. As some applicants are difficult to classify under a hardship ranking system, a final determination of their standing may come only after an extensive hearing and adjudicatory process. In other instances permits have been issued as lawsuits brought against the Commission are eventually resolved. Thus, some permits have been issued several years after the main body of permits were issued in a given fishery.

Despite the benefits of free transferability, many persons remain concerned that permit transfers may eventually result in undesirable consequences. There is concern that permits will leave the state, or that permits will disappear from isolated fishing communities which are “local” to a limited fishery, thereby eroding the economic base. The legislature has twice ordered studies of transferability options, first upon initial passage of the Act² and again in 1980.³

Because of concerns about free transferability, CFEC has produced this report so that the legislature, the administration, and other interested parties will be kept accurately informed of the facts.

This edition covers the 58 limited fisheries for which permanent permits have been issued in the period 1975 through 1999. It contains detailed information on transfer incidence, the initial geographic distribution of permit holders, changes in the distribution of permits due to permanent transfers of permits and migration of permit holders, and the yearend 1999 geographic distribution of permit holders. Extensive information is also provided on the age distribution of permit holders, age differences between transferors and transferees, rates and characteristics of intra-family and business partner transfers, permit market values, and permit acquisition and financing methods.

² AS 16.43.370(b): “The commission shall study alternative methods of permit transferability and report its findings and recommendations to the legislature before January 15, 1975.” The resulting report was the “Report to the Legislature on Entry Permit Transfers,” CFEC, January 15, 1975.

³ Rodgers, G. and J. Kreinheder, “Socioeconomic Analysis For Fishery Areas and Census Divisions.” Prepared for the Limited Entry Study Committee of Alaska State Legislature, January 21, 1980.