

BEFORE THE ALASKA BOARD OF FISHERIES

FOR THE 2022 BRISTOL BAY MEETING AT ANCHORAGE

Support For Proposals 42 and 43 That Seek To Repeal The Dual Permit Regulation(s)
Opposition to Proposals 46 And 47 That Seek To Allow/Expand Permit Stacking**I. No Legitimate Reason Exists For Dual Permit Operations Based On An Economic Factor.****I. A. No Legitimate Reason Exists For Dual Permit Operations For The Purpose Of Reducing The Amount Of Gear In The Water Based On An Economics Factor.**

No legitimate reason exists for dual permit operations for the purpose of reducing the amount of gear in the water based on an economics factor. Alaska statute 16.05.251(i) authorizing an “additional fishing opportunity” for permit stacking was done for the purposes of addressing “situations where salmon prices are falling” and would “allow the Board of Fisheries another tool to reduce the amount of gear in the water and try to consolidate some of the fisheries”¹ The Alaska constitution and statutes regarding limiting entry variously describe the economic factor in terms of “economic distress,”² “economic health,”³ and “economic dependence.”⁴

The fishery, however, is not economically distressed. To the contrary, the fishery thrives economically. The exvessel value of the salmon harvest was an estimated \$277 million in 2018, 64% above the 10-year average.⁵ In 2019, the exvessel value was an estimated \$303.5 million.⁶ In 2020, the exvessel value was an estimated \$141.1 million.⁷ In 2021, the exvalue was an estimated \$260.7 million.⁸ The 2022 Bristol Bay preliminary exvessel value of \$351.7 million for all salmon species ranked first in the last 20 years.⁹

From 2018 through 2021, dual permit operations either more than doubled, or nearly doubled, the earnings of single permit operations.

Year	Single Permit Operation		Dual Permit Operations		Dual % Earnings Over Single
	Vessels	Average Earnings	Vessels	Average Earnings	
2018	1,008	\$190,065	374	\$390,111	105.3%
2019	1,033	\$171,659	381	\$338,669	97.3%
2020	955	\$115,303	395	\$225,344	95.4%
2021	950	\$164,613	410	\$340,630	106.9%

Source: Bristol Bay Salmon Fisheries, 1975-2021, CFEC Report No. 22-03N, November 2022, Reid

¹ See the comments of Representative Ralph Samuels, the sponsor of HB 251 (AS 16.05.251(i); Legislature (2005-2006) on 4/11/2005 at 8:49:01 AM.

² Alaska constitution, Art. VIII Section 15 (economic distress)

³ AS 16.43.010 (economic health), and AS 16.43.290 (1) (economically healthy).

⁴ AS 16.43.250 (a) (1) (economic dependence)

⁵ 2018 Bristol Bay Area Annual Management Report, No. 19-12, p. 4.

⁶ 2019 Bristol Bay Area Annual Management Report, No. 21-04, p. 5.

⁷ 2020 Bristol Bay Area Annual Management Report, No. 21-16, p. 5.

⁸ 2021 Bristol Bay Area Annual Management Report, No. 22-14, p. 4.

⁹ 2022 Bristol Bay Salmon Season Summary, p. 1.

Johnson and Brad Robbins, Table 1-7, Earnings by Vessel and Operation Type 2004-2021, p. 11.

Moreover, “In 2021, the top grossing 10% of Bristol Bay boat fishermen got paid \$456,628 on average for their salmon.” Seattle Times Article titled “Western Alaska villages lose lucrative permits to outsiders”, republished by the Anchorage Daily News (August 28, 2022). I ask that the BOF check to see if the top 10% of the boats averaging \$456,628 were dual permit holders.

No legitimate reason exists to reduce the amount of gear in the water with dual permit operations based on an economic factor. The economic factor supports returning to single permit operations only.

I. B. The Economic Factor Fails To Justify Dual Permit Operations for the Purpose of Allowing A Fisherman With Insufficient Funds to Join Another Fisherman To Fish A Dual Permit Operation.

It is my understanding that another purpose of the present dual permit operations is to allow a fisherman with insufficient capital to join with another fisherman to fish for their mutual benefit. But the economic factor fails to justify this purpose.

The economic health of the fishery supports returning to single permit operations only. The dual permit operations either more than double, or nearly double, the gross earnings of single operations. Thus, there is enough earnings to support both permit holders in single permit operations. Indeed, the second permit holder could easily increase his/her earnings substantially as a captain rather than as a crewmember. The 2004 Optimum Number Report notably provided: “If future economic returns in the fishery were expected to vary as economic returns varied over the entire 1983-2003 time period, the economic optimum number of permits would likely remain near current permit levels [1,857].”¹⁰

Permit stacking has created a system of crewmembers with permits. It strongly appears that these crewmembers perform crew duties and hold the second permit for the captain who runs the operation.

There is no requirement that a crew member with a permit ever acquire a boat or a net. He never has to know how to fish a boat. These crew member can become a dependent servant with a captain whose financial interest is in keeping him/her down as a crew member and from never leaving the captain’s boat.

There is no time limit for being a crew member with a permit. These crewmembers can be crewmembers forever.

In addition, how many second permit holders actually qualify as new entrants with insufficient funds? How many second permit holders have had their permits paid off?

Nothing restricts dual permit operations to the purpose stated in this section. It’s a huge loophole. It strongly appears that dual permit operations are being used for other purposes (i.e. enlarging and protecting the dual permit holders’ wealth, mostly for non-residents).

II. The Conservation Factor Fails to Justify Dual Permit Operations

II. A. The Conservation Factor Fails To Justify Dual Permit Operations For The Purpose Of Reducing The Amount of Gear In The Water.

The conservation factor fails to justify the purpose of reducing the amount of gear in the water with a dual permit operation. The Alaska constitution and statutes regarding limiting entry variously

¹⁰ Bristol Bay Salmon Drift Gillnet Fishery Optimum Number Report, Executive Summary, CFEC Report 04-34, October 2004, at p. 6.

describe the conservation factor in terms of “resource conservation,”¹¹ “conservation,” “allowable commercial take of the fishery resource,” and so forth. The Bristol Bay salmon runs are strong:

Year	Salmon Run
2015	58 million ¹²
2016	51.4 million ¹³
2017	56.5 million ¹⁴
2018	63 million (record) ¹⁵
2019	56.4 million. ¹⁶
2020	58.3 million fish ¹⁷
2021	67.7 million (record) ¹⁸
2022	79.0 million (record) ¹⁹

The salmon runs do not support the reduced gear levels of the dual permit operations. The salmon runs support more gear in the water with single permit operations only.

II.B. The Conservation Factor Fails to Justify Dual Permit Operations For the Purpose of Allowing An Applicant With Insufficient Funds To Join Another Permit Holder’s Operation.

The conservation factor fails to justify dual permit operations for the purpose of allowing an applicant with insufficient funds to join another permit holder’s operation. The strong salmon runs support returning to single permit operations only. There are enough fish to support single permit operations. In addition, there has been overescapement in some fisheries, and increasing gear in the water could help reduce overescapement, and in turn, increase revenue to fishermen and processors.

III. Dual Permit Operations Largely Favor the “Well to Do” At the Expense of Poorer Fishers and Local Watershed Communities

Dual permit operations largely favor the “well to do” over the less affluent and local watershed communities. A huge flaw with dual permit operations is that the real determining factor is how “rich” you are.²⁰ The acquisition of a permit is not based on how much a fisher and local

¹¹ Alaska constitution, Art. VIII Section 15 (resource conservation); AS 16.43.010 (a) (conservation); and AS 16.43.290 (2) (allowable commercial take of the fishery resource).

¹² 2015 Bristol Bay Salmon Season Summary, www.adfg.alaska.gov/static/applications/dcfnewsrelease/615370072pdf, at p. 1.

¹³ Revised 2016 Bristol Bay Salmon Season Summary, www.adfg.alaska.gov/static/applications/dcfnewsrelease/741340987.pdf, at p. 1.

¹⁴ 2017 Bristol Bay Salmon Season Summary, www.adfg.alaska.gov/static/applications/dcfnewsrelease/865497019.pdf, at p. 1.

¹⁵ 2018 Bristol Bay Area Annual Management Report, No. 19-12, p. 4.

¹⁶ 2019 Bristol Bay Area Annual Management Report, No. 21-04, p. 5.

¹⁷ 2020 Bristol Bay Area Annual Management Report, No. 21-16, , p. 5.

¹⁸ 2021 Bristol Bay Area Annual Management Report, No. 22-14, p. 4.

¹⁹ 2022 Bristol Bay Salmon Season Summary (September 23, 2022), p. 1

²⁰ Drift permits \$158,800 (Oct. 2018); set net permit \$42,300 (Oct. 2018) CFEC website, Fishery Statistics, Fishery Participation and Earnings, SO3T and SO4T Salmon.

communities depend on the fishery, or other alternative jobs one has in the his/her region (AS 16.43.290(3)). Sure a few local residents have obtained permits at exorbitant prices.

Dual permit operations, however, are more realistically a devise that allocates the resource away from the small and poorer fishers, thereby creating serious economic impacts on local communities.

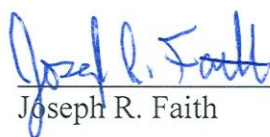
Past experience with permit stacking for setnetters bears this out. According to the CFEC, "... when permit stacking was allowed, the fair market value of set gillnet permits rose 64.2% from \$25,700 to \$42,200."²¹ New entrants into the set net fishery "went to a historic low of 6% in 2011."²² Permit stacking largely benefited non-residents and nonlocals, *not* local watershed residents. "Starting in 2010, when permit stacking regulations came into effect, the count of individuals who held two permits at year-end rose substantially, especially among nonresidents and nonlocals."²³ In 2012, ninety-two non-residents and nonlocals stacked permits, while only thirteen locals stacked them.²⁴

Similar results occurred in the drift fishery with dual permit operations. Dual permit percent of earnings over single permit operations were either more than double or nearly double from 2018 to 2021.²⁵ Prior to dual permits, 25.4% of all new entrants were locals and 49.3% were non-resident in 2002. After dual permits were put in place, new entrants were 6.6% local and 60.1% non-resident in 2021.²⁶ Further, from 2018 to 2021, the dual operations count for both local permit holders went from 33 to 25, both nonlocal 57 to 81, and both nonresident from 232 to 238.²⁷

Finally, the Bristol Bay Economic Development Corporation (BBEDC) does a lot for local residents, more than one thinks. However, BBDEC can and should provide more money to help local residents and take more risk with them.

Additionally, I've lived at Dillingham since 1992. I've drift fished predominantly the Nushagak district for two decades. I've largely fished single permit operations and twice fished dual permit operations. I am submitting this comment in only my capacity as an individual commercial fisherman. I thank you for your time and consideration.

Dated: November 29, 2022



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²¹ CFEC Report No. 12-02-N, Bristol Bay Set Gillnet Permit Stacking, at page 15, November 2012.

²² *Id.*, at page 13.

²³ *Id.*, at page 5.

²⁴ *Id.*, Table 1, at page 5.

²⁵ CFEC Bristol Bay Salmon Fisheries, 1975-2021, November 2022, Reid Johnson and Brad Robbins, Table 1-7, Earnings by Vessel and Operation Type 2004-2021, p. 11.

²⁶ *Id.*, at p. 8.

²⁷ *Id.* at p. 15.