



# P.S.V.O.A.



## NEWSLETTER

MARCH 2001

### **BUYBACK OF PUGET SOUND SALMON LICENSES**

No issue is of greater immediate importance to PSVOA than the full-funding and proper implementation of the program established under the new Pacific Salmon Treaty "Agreement" to provide economic assistance to affected fishermen and reduce the number of Puget Sound commercial salmon licenses.

#### ***Background***

PSVOA initiated buyback discussions in late 1997 in response to growing evidence that our negotiators would accept reduced catches of Fraser sockeye to reach a new agreement with Canada. We insisted that the program must achieve two objectives: 1) provide meaningful monetary compensation to fishermen impacted by the Agreement and 2) provide some measure of stability to those remaining in the Puget Sound salmon fishery.

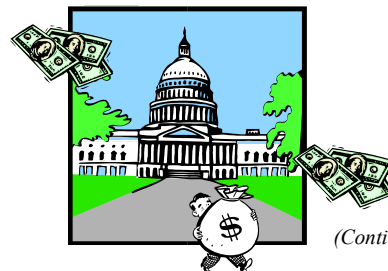
PSVOA requested \$50 million in buyback funding. Early indicators suggested that federal and state funding could total this amount. However, in the summer of 1998, WDF&W used \$2.8 in federal disaster assistance to fund a limited Puget Sound license buyback program. As a new Treaty agreement was not in place, PSVOA could not influence the rules for that buyback. While arguing for consideration of past and future economic loss to determine prices, WDF&W adopted rules to buy a maximum number of licenses. As a consequence, WDF&W established license prices that were only a fraction of what will be offered under the upcoming Treaty buyback program. Unfortunately, but understandably, a relatively high percentage of 1998 license holders offered to sell for these lower prices. This effectively eliminated our chances of reaching the \$50 million funding level.

Upon reaching the Agreement in June 1999, federal negotiators and WA Governor Locke committed a total of \$35 million to fund the buyback -- \$30 million federal and \$5 million state. The buyback program is not part of the formal Agreement, nor is the new Fraser sockeye sharing arrangement between Indian and commercial fishermen. Rather, they are both contained in a federal court order that provides in part:

“[This new sharing arrangement] shall become null and void unless some portion of the buyback funding is appropriated **and the buyback program is commenced.**”

Because of this language, PSVOA was unwilling to support "commencement" of the buyback last spring when funding was first appropriated. We still maintain this position without guarantees that the full \$35 million will be appropriated.

Current appropriations stand at \$26 million -- \$24.5 million federal and \$1.5 million. We expect Congress to appropriate the remaining \$5.5 million to fulfill the federal obligation. The remaining state dollars will pose a challenge. Although in Locke's initial 2001 budget, buyback funding was dropped along with many other programs when more state dollars were needed for higher school enrollments and voter approved teacher pay raises. PSVOA is pressing the Legislature to restore the funding. Resolution of this funding gap will determine whether PSVOA will support the now scheduled May commencement of the buyback program.



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## **Industry Plan**

After the 2000 Annual meeting and consultation with gillnet and reefnet representatives, PSVOA provided WDF&W with an industry buyback plan that would buy roughly 70% of the existing licenses. Specific portions of the plan relating to purse seine licenses are:

1. Buy 185 of the 260 licenses issued
2. Applications to sell licenses will be ranked based on participation in the 1994-1998 Puget Sound summer and fall salmon fisheries
3. Allocate 56.4% of the funding or \$19.74 million to buy purse seine licenses
4. Persons selling licenses under the buyback program are not prohibited from purchasing, owning or operating another Puget Sound license
  - (a) Congress authorized funding for "economic assistance" — not retirement. There should be no requirement that buyback participants can no longer own or operate a license.
  - (b) The remaining 75 licensees may wish to sell. The best pool of prospective purchasers will be fishermen who participated in the buyback. If they are excluded, license ownership will be consolidated in the hands of a few corporate interests.

The timetable for distribution of existing and projected funds for the purchase of purse seine licenses is:

Year	Licenses Purchased	Funding	License Price
May 2001	138	\$14.7 million	\$106,000
May 2002	47	\$5.0 million	\$106,000
Total	185	\$19.7 million	

Please note that licenses scheduled for purchase in 2002 are dependent upon funding that has not been appropriated. We need the full \$35 million to ensure that persons selling next year receive the same price as those selling this year.

## **WDF & W Response**

As expected, WDF&W objected to portions of the plan and proposed: 1) purchasing a greater number of licenses thereby reducing the purchase price; 2) reducing the allocation of funds to purse seines thereby further lowering the purchase price; and 3) prohibiting persons who sell a license from re-entering WA salmon fisheries.

Later this month all Puget Sound salmon licensees will be mailed the proposed buyback rules. These rules will be presented for final adoption at the April 6-7<sup>th</sup> WDF&W Commission meeting in Spokane. PSVOA remains hopeful that the Commission will ultimately adopt the industry plan and Gov. Locke will publicly support

funding for the remaining state obligation. If these do not occur, we urge all licensees to attend the Spokane meeting. Later this month we will provide an update to all member/licensees.

## **NON-RESIDENT FEES HELD UNCONSTITUTIONAL**

In 1982 six commercial fishermen filed a lawsuit claiming that Alaska law requiring nonresidents to pay substantially more for limited entry permits violates the U.S. Constitution. The case was expanded to a class action suit in 1984 and has bounced around the courts for years. Last year the Alaska Supreme Court agreed holding that the privileges and immunities clause, which says that whenever a person is pursuing an important constitutional right, in this case a livelihood, the state has to treat residents and nonresidents equally. However, the state can take into consideration the cost of state services. In other words, if residents are paying for commercial fisheries management in a way that nonresidents are not, then residents can be credited that amount while charging nonresidents the difference. The Alaska Supreme Court provided a formula to determine the difference nonresidents should pay.

The Commercial Fisheries Entry Commission is planning to send out letters this month notifying fishermen of their right to join the class action lawsuit. In January the Alaska Attorney General advised the Legislature that the state may owe 11,000 nonresident fishermen about \$30 million. The state will likely appeal the trial court ruling and the attorney for the fishermen predicted that the case might still take several years to settle.

Keep in mind that this lawsuit also carries negative implications. In an effort to minimize the refund due nonresidents, Alaska will argue to include many costs beyond what we normally consider part of commercial fishing (e.g. harbor maintenance, social services, etc.). Eventually the Legislature may increase CFEC fees to take into account these costs which to date have not been considered.

## **MINUTES OF ANNUAL MEETING**

The 65<sup>th</sup> annual meeting of the PSVOA was held on

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November 18, 2000 at the Madison Renaissance Hotel in Seattle, Washington. The meeting was attended by a combined 140 members plus proxies. This constituted 35% of the voting membership and a quorum to conduct business.

The 2000 financial report projected a net operating profit of \$58,000, which offset 1999 losses attributable to I-696 campaign expenditures. Fees for management of affiliated insurance programs provided 78% of operating revenue.

Membership increased by 2% in 2000 to an all time high of 395 vessel owners or operators. Membership dues in 2001 will remain at \$300. The Board will examine future annual dues in relation to income generated by management of the insurance programs.

Membership approved the Board recommendation that PSVOA adopt the following 2001 objectives:

1. Secure proper funding and implementation of Puget Sound license buyback.
2. Preserve small boat fishing rights in the Gulf of Alaska.
3. Minimize disruption to Alaska salmon fisheries resulting from federal subsistence.
4. Promote a workable licensing scheme for the California squid and West Coast sardine fisheries.
5. Stabilize Puget Sound purse seine salmon fishery.
6. Promote federal and state regulations to economically benefit the small boat fishing fleet.

United Fishermen of Alaska President Bob Thorstenson and Executive Director Tom Gemmel addressed the membership on a variety of issues of concern to Alaska fishermen. In the upcoming months UFA will focus on 2001 Legislature and establishing a statewide network for commercial participation in the federal subsistence process.

Ed Owens reported on the future activities of the Habitat For Washington Foundation -- formed to publicize the benefits of commercial fishing in Washington.

The membership re-elected the following Board members for the 2001-2002 term:

Butch Barcott	<i>F/V Pt. Defiance</i>	Everett
Holy Hanson	<i>F/V Delta Dawn</i>	Blaine
Jime Leese, Jr.	<i>F/V Polarland</i>	Everett
Tim Maricich	<i>F/V Donna Kathleen</i>	Anacortes
Ed Manning	<i>F/V Sound Star</i>	At Large
Stan Nelson	<i>F/V Tribute/Tanaga/Triton</i>	Bellingham

Brian Wartman *F/V Ariel*

Seattle

The 15<sup>th</sup> annual meeting of Seine Vessels' Reserve was attended by a combined 95 members plus proxies. This constituted 29% of the membership and a quorum to conduct business.

Claims stood at \$1.55 million and were appreciably lower than in both 1998 and 1999. Member surplus grew to \$5.5 million with a projected record return of \$1.6 million in 2001.

Membership voted to maintain the accidental death coverage for all members owning or operating a SVR insured vessel.

The membership re-elected the following Board members for the 2001-2002 term:

George Lovrovich	<i>F/V Sea Gem</i>
Mike Maricich	<i>F/V Omega Centauri</i>
Richard Tarabochia	<i>F/V Kathy H</i>

## CALIFORNIA SQUID

In 1997, recognizing recent growth in the fishery, PSVOA aided the passage of legislation that allowed fishermen to purchase a license through April 1998. The legislation also required CA Fish & Game (CF&G) by April 1, 2001 to provide the California Legislature with a report with recommendations for future management of the fishery, including the need for a limited entry program.

Although CF&G has not issued final recommendations, we anticipate the report will call for a very restrictive licensing scheme (as low as 52 licenses) and restrictions on the annual harvest of squid. Such limitations would severely disrupt the fishery and lead to unnecessary consolidation and integration of the fishery.

This year PSVOA is supporting a legislative bill that 1) allows current licensees to maintain their license if they make a landing by April, 2001; and 2) the transferability of licenses to any size vessel. The bill also establishes a \$1,200 license fee and a \$5,000 transfer fee.

It is time to conclude endless industry bickering over the future of the fishery. Hopefully those segments of the industry now opposing the PSVOA position recognize the need for long-term unity and will abandon attempts to exclude fishermen who have invested and now

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participate in the fishery.

On a related topic, PSVOA has consistently maintained that the California squid and sardine fisheries comprise an economic unit -- fishermen need to fish in both. Unfortunately, the federally managed sardine fishery is now under a limited entry plan -- 65 non-transferable and non-upgradeable licenses. PSVOA is seeking the transferability of these ~~permits to any size vessel. The~~ Pacific Management Council will consider this request at its April 2001 meeting.

WDF&W has announced a 15,000 metric ton sardine fishery starting May 15. Last year 11 vessels landed slightly less than 5,000 metric tons. WDF&W retains the right to require 50% observer coverage.

## GULF OF ALASKA

Last year Congress amended the Magnuson-Stevens Act requiring the North Pacific Council to examine options to "rationalize" the GOA cod fisheries. The Council has established a committee that will report its preliminary recommendation at the April Council meeting in Anchorage. PSVOA will closely monitor this process. UFA has taken the position that any GOA plan should not include processor quotas -- unlike the current rationalization plan for the Bering Sea pollock fisheries and proposed Bering Sea crab fisheries.

## 2000 AK SALMON FISHERIES

*(Ex-Vessel Values)*

Southeast	\$72 million
Prince William Sound	\$53 million
Peninsula	\$22 million
Kodiak	\$21 million

## ASSOCIATE MEMBERS

*\*Also members of the Pacific Salmon Treaty Coalition*

Alaska General Seafoods*	Norcoast Marine Services
Anderson Marine	Norquest Seafoods*
BBG Corporation	NRC (Natural Resource Consultants)
Ballard Oil Co.	Ocean Beauty Seafoods*
Bank of America	Pacific Fishing Magazine
Bornstein Seafoods, Inc.	Peter Pan Seafoods, Inc.
Cochrane & Hellman, P.C.	Radtke Marine
Covich-Williams Co., Inc.	Redden Marine Supply, Inc.
Delta Marine Industries, Inc.	San Juan Seafoods*
Fairn & Swanson	Seafood Producers Coop.*
Global Maritime	Seattle Marine & Fishing Supply
I.S. Co., Inc.	Stewart Ellison, Financial Consultant
Icicle Seafoods*	Trident Seafoods*
Integrated Marine Systems	Wards Cove Packing*
LFS, Inc.	Westmar
Montgomery Maritime Survey, Inc.	



*Purse Seine Vessel Owners' Association  
Fishermen's Center Building  
1900 W Nickerson Street Suite 320  
Seattle, Washington 98119*



**ADDRESS CORRECTION REQUESTED**

## BUYBACK INFORMATION