



MEMORANDUM

To: Glenn Haight, Executive Director
Alaska Board of Fisheries
Alaska Department of Fish and Game

Date: December 20, 2013

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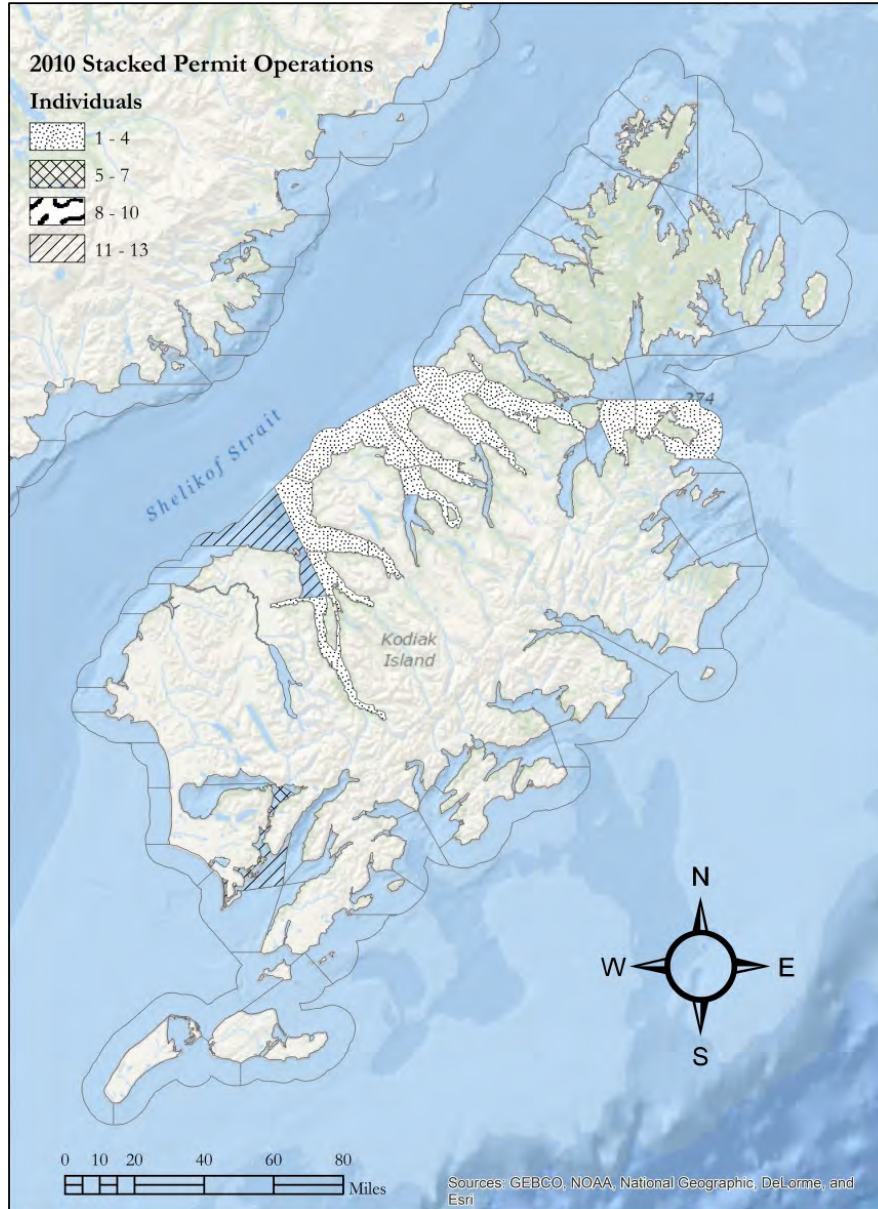
Subject: CFEC Report 13-4N

CFEC is submitting a report that we hope will help the Alaska Board of Fisheries in their deliberations. The report is:

Kodiak Salmon Set Gillnet Permit Stacking. Using data from the Alaska Commercial Fisheries Entry Commission, the report provides information on many considerations that were raised when permit stacking was discussed before the Alaska Board of Fisheries. The report gives time-series data on the number of single and stacked permit operations, and shows, by resident type, estimates of gross fishery earnings for the two groups. There is data that shows from whom, and the manner from which, permits were acquired, along with information on the possible effects permit stacking had on new entrants in the fishery, the age of permit holders, "latent" or unused permits, and permit holders' participation in other fisheries outside of Kodiak salmon set gillnet fishing. Data on the estimated market value of Kodiak salmon set gillnet permits is also provided.

We are always interested to hear different perspectives on proposals, especially those that address restructuring options. We appreciate hearing about both the problems and benefits of regulations, and on how they might enhance efficiency, quality, fishery management, and resource conservation.

Kodiak Salmon Set Gillnet Permit Stacking



CFEC Report No 13-4-N
December 2013

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Abstract

Permit stacking is the practice where a fisherman is allowed to concurrently own and use two commercial fishing permits, and is thereby afforded an increased amount of fishing gear over a permit holder who owns and uses a single permit with one complement of gear. This report examines basic data on commercial fishing in the Kodiak salmon set gillnet fishery, with an emphasis on the stacking of limited entry fishing permits. Permit stacking was allowed in the fishery for three seasons from 2008 through 2010.

Using data from the Alaska Commercial Fisheries Entry Commission (CFEC), the report provides information on many considerations that were raised when permit stacking was discussed before the Alaska Board of Fisheries. The report gives time-series data on the number of single and stacked permit operations, and shows, by resident type, estimates of gross fishery earnings for the two groups. There is data that shows from whom, and the manner from which, permits were acquired, along with information on the possible effects permit stacking had on new entrants in the fishery, the age of permit holders, “latent” or unused permits, and permit holders’ participation in other fisheries outside of Kodiak salmon set gillnet fishing. Data on the estimated market value of Kodiak salmon set gillnet permits is also provided.

The map on the cover depicts ADF&G statistical areas where stacked permits operations were located during the 2010 fishing season.

Prepared by Marcus Gho and Kurt Iverson

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Introduction

In 2002, the Alaska Legislature passed House Bill 286, amending Alaska Statute 16.43.140 (c). The amendment allows individuals to concurrently hold two salmon limited entry permits in the same permit fishery. The statute specifies that individuals who hold two salmon limited entry permits are allowed to fish only one of the two permits. This prohibition, however, was supplanted under specific circumstances when the legislature passed House Bill 251 in 2006. This bill gave the Alaska Board of Fisheries (Board or BOF) the authority to grant fishing privileges to the second permit held by an individual. Although much of the initial interest in the bill centered on fishing activity in Bristol Bay, the law applies to all Commercial Fisheries Entry Commission (CFEC) salmon limited entry permits. The new practice of fishing two permits by one individual has since been referred to as permit stacking.¹

Since implementation of HB 251, several proposals for permit stacking have been brought before the Board of Fisheries for salmon fisheries around the state. Currently, permit stacking is allowed only in the salmon set gillnet fisheries in Cook Inlet and Yakutat.² Previously, permit stacking was authorized in the salmon set gillnet fisheries in Bristol Bay (2010-2012) and Kodiak (2008-2010).

In the Kodiak fishery, permit stacking was taken up by the Board of Fisheries in January, 2008. At that meeting, Proposal 58, which was identified as a restructuring proposal, included a permit stacking provision. The proposal was passed by the Board, but was amended to include a provision for a sunset date of December 31, 2010.

At the Kodiak finfish meeting in 2011, the Board addressed Proposal 71, which would have repealed the permit stacking sunset clause, effectively making the regulations permanent. However, the proposal did not carry and the sunset provisions went into effect, thereby repealing permit stacking in the Kodiak set gillnet fishery.

Currently, Proposal 99 before the Board of Fisheries seeks to reintroduce permit stacking in the Kodiak set gillnet fishery. This paper is intended to help the Board and the public by providing data that addresses many of the issues raised in discussions surrounding permit stacking.

¹ Permit stacking is sometimes confused with “dual permit” operations. Dual permit operations, as defined herein, refer to the practice of two permit holders who fish concurrently from a single vessel. The vessel is then allowed to fish a greater amount of gear than a single permit operation. A comparison of regulations for statewide stacked permit and dual permit regulations is provided in Appendix C.

² By regulation, permit stacking in the Yakutat salmon set gillnet fishery occurs only in certain districts, and only under specific circumstances. The Yakutat regulations contain a sunset date of December 31, 2014 (Appendix C).

Permit Holdings

Permit holdings change throughout the year as individuals transfer permits. As a result, the number of persons who stack permits can be counted many ways, two of which are shown in Table 1. The columns on the left side of the table indicate the annual number of persons who held permits in the Kodiak salmon set gillnet (S04K) fishery at year-end, including the number of individuals who held two permits at the end of the year. The columns to the right indicate the number of persons who held and fished permits during the salmon fishing season, and are herein referred to as “in-season” permit holders. The number of in-season permit holders who held and fished two permits during the fishing season is also shown.³

Note that no individuals held two Kodiak salmon set gillnet permits until 2004, even though the statutes first allowed the practice in 2002. From 2004 through 2007, only one person each year held two permits at year-end. In 2008, when permit stacking regulations came into effect, more individuals began to acquire second permits, and this continued until the regulations sunset at the end of 2010.

In some cases, individuals held and fished in both single and stacked permit operations in the same year. Individuals who made at least one landing while holding two permits are counted in the “In-season, With Landings” section of Table 1 as a stacked permit operation for that year.

Also note that in each year, the number of persons who recorded landings is somewhat less than the total number of persons who held permits at year-end. This rate of unfished, or “latent” permits is described in greater detail in subsequent sections of this report.

**Table 1. Kodiak Salmon Set Gillnet Permit Holdings,
Comparison of Year-end and In-season Holdings**

Year	Year-end			In-season, With Landings						
	Individuals Holding Single Permit	Individuals Holding Two Permits	Total Individuals	Individuals Fishing Single Permits	Individuals Fishing Stacked Permits	Total Individuals				
1995	189	100.0%	0	0.0%	189	176	100.0%	0	0.0%	176
1996	189	100.0%	0	0.0%	189	174	100.0%	0	0.0%	174
1997	188	100.0%	0	0.0%	188	183	100.0%	0	0.0%	183
1998	188	100.0%	0	0.0%	188	177	100.0%	0	0.0%	177
1999	188	100.0%	0	0.0%	188	182	100.0%	0	0.0%	182
2000	188	100.0%	0	0.0%	188	186	100.0%	0	0.0%	186
2001	188	100.0%	0	0.0%	188	180	100.0%	0	0.0%	180
2002	188	100.0%	0	0.0%	188	94	100.0%	0	0.0%	94
2003	188	100.0%	0	0.0%	188	168	100.0%	0	0.0%	168
2004	186	99.5%	1	0.5%	187	176	100.0%	0	0.0%	176
2005	186	99.5%	1	0.5%	187	176	100.0%	0	0.0%	176
2006	186	99.5%	1	0.5%	187	164	100.0%	0	0.0%	164
2007	186	99.5%	1	0.5%	187	162	100.0%	0	0.0%	162
2008	138	84.7%	25	15.3%	163	131	85.6%	22	14.4%	153
2009	108	73.0%	40	27.0%	148	94	71.2%	38	28.8%	132
2010	104	71.2%	42	28.8%	146	91	68.4%	42	31.6%	133
2011	180	97.8%	4	2.2%	184	162	100.0%	0	0.0%	162
2012	186	99.5%	1	0.5%	187	167	100.0%	0	0.0%	167

³ When the Board of Fisheries addressed permit stacking in January 2011, CFEC provided a memo to the Board with tables that were limited to the number of persons who held two Kodiak salmon set gillnet permits on a permanent basis at year-end.

Figure 1 displays the daily count of permit holdings from the beginning of 2004 through the end of 2012. The black horizontal line shows the number of individuals who held only one permit, while the red line indicates the number of persons who held two permits. The blue vertical lines indicate the days when landings were made in the S04K fishery. The yellow background shows when permit stacking regulations were in effect.

In addition to illustrating how permit holdings changed over time, Figure 1 also helps show that after the sunset of permit stacking regulations, many individuals continued to hold their second permit until after the January 2011 Kodiak Board of Fisheries meeting. Most of these same individuals subsequently transferred their permits shortly before the summer fishing season.

Figure 1. Daily Count of Permit Holdings

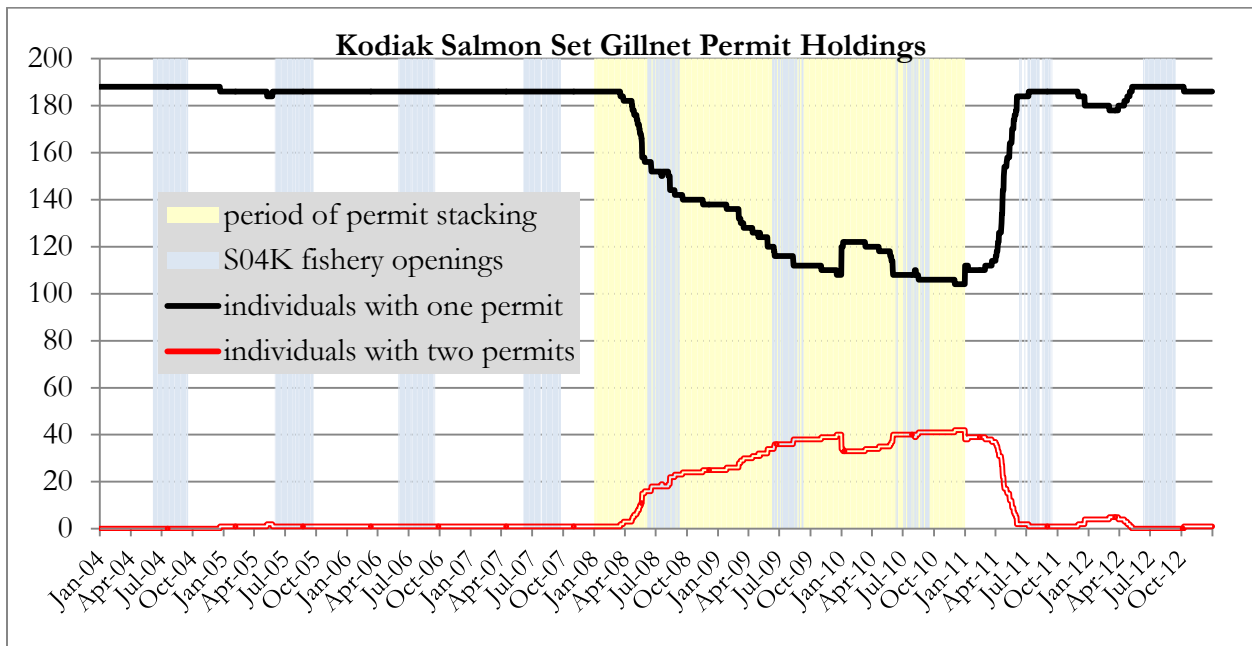


Table 2 breaks out the individuals with in-season stacked permit operations by resident type for each of the years when permit stacking was in effect. Again, note that persons are counted as having fished in a stacked permit operation if they made at least one landing during the year while holding two permits.

Table 2. Residency Classification of Individuals Fishing Stacked Permits, 2008-2010

Year	Total Individuals Fishing Stacked Permits	Residency		
		Local	Nonlocal	Nonresident
2008	22	13 59.1%	3 13.6%	6 27.3%
2009	38	21 55.3%	8 21.1%	9 23.7%
2010	42	26 61.9%	6 14.3%	10 23.8%

The residency of persons who fished with stacked permits does not appear to be substantially different than the proportion of resident types in historical or current single permit operations. The rate of individuals who stacked permits, broken out by residency and compared to the percentage of all Kodiak set gillnet permit holders, varied annually by no more than 3.8% among Locals, no more than 8.2% among Nonlocals, and no more than 4.3% among Nonresidents. For additional detail please reference Table 7.

Transfer Survey

When limited entry permits are transferred, CFEC requires a survey to be completed by the two parties involved in the transfer. The survey allows CFEC to monitor the broad characteristics of transfers and transfer patterns. In particular, the survey collects information on whether the transfer was a gift, sale, or trade; the source of permit financing; the relationship between the transferor and transfer recipient; how the transfer recipient located the permit; and the permit sale price.

Table 3 provides figures relating to the permanent transfers of all Kodiak salmon set gillnet permits from 1980 through 2012. Over the entire period, there have been 818 permit transfers. The greatest number of transfers was in 2011, in the year immediately following the sunset of permit stacking. The majority of these transfers occurred prior to the beginning of the 2011 fishing season and were between immediate family members. The second largest number of transfers occurred in 2008. Approximately two-thirds (63.0%) of the total transfers have been as gifts, whereas permit sales have represented 30.2% of the transfers. Over all years, transfers among family members predominate: 59.6% have occurred between the combination of immediate family members and/or other relatives.

Table 3. Survey Results for Permanent Transfers of S04K Permits

Year	Transfer Acquisition Methods by Year					Relationships of Transferors to Transfer Recipients by Year				
	Gift	Sale	Trade	Other	Total	Friend/Partner	Immediate Family	Other Relative	Other	Total
1980	11 44.0%	12 48.0%	1 4.0%	1 4.0%	25	11 44.0%	9 36.0%	0 0.0%	5 20.0%	25
1981	11 45.8%	12 50.0%	0 0.0%	1 4.2%	24	10 41.7%	8 33.3%	1 4.2%	5 20.8%	24
1982	15 53.6%	12 42.9%	0 0.0%	1 3.6%	28	13 46.4%	9 32.1%	2 7.1%	4 14.3%	28
1983	11 57.9%	6 31.6%	2 10.5%	0 0.0%	19	6 31.6%	7 36.8%	4 21.1%	2 10.5%	19
1984	13 54.2%	11 45.8%	0 0.0%	0 0.0%	24	8 33.3%	8 33.3%	2 8.3%	6 25.0%	24
1985	14 63.6%	8 36.4%	0 0.0%	0 0.0%	22	5 22.7%	11 50.0%	2 9.1%	4 18.2%	22
1986	18 47.4%	20 52.6%	0 0.0%	0 0.0%	38	11 28.9%	10 26.3%	4 10.5%	13 34.2%	38
1987	15 60.0%	8 32.0%	0 0.0%	2 8.0%	25	4 16.0%	11 44.0%	2 8.0%	8 32.0%	25
1988	8 53.3%	4 26.7%	0 0.0%	3 20.0%	15	4 26.7%	9 60.0%	1 6.7%	1 6.7%	15
1989	6 40.0%	6 40.0%	1 6.7%	2 13.3%	15	4 26.7%	7 46.7%	2 13.3%	2 13.3%	15
1990	8 50.0%	6 37.5%	0 0.0%	2 12.5%	16	4 25.0%	11 68.8%	0 0.0%	1 6.3%	16
1991	12 57.1%	3 14.3%	2 9.5%	4 19.0%	21	4 19.0%	15 71.4%	1 4.8%	1 4.8%	21
1992	15 55.6%	9 33.3%	0 0.0%	3 11.1%	27	3 11.1%	18 66.7%	1 3.7%	5 18.5%	27
1993	6 42.9%	8 57.1%	0 0.0%	0 0.0%	14	2 14.3%	3 21.4%	2 14.3%	7 50.0%	14
1994	14 70.0%	5 25.0%	0 0.0%	1 5.0%	20	3 15.0%	11 55.0%	3 15.0%	3 15.0%	20
1995	9 64.3%	5 35.7%	0 0.0%	0 0.0%	14	4 28.6%	5 35.7%	1 7.1%	4 28.6%	14
1996	12 57.1%	7 33.3%	0 0.0%	2 9.5%	21	5 23.8%	8 38.1%	3 14.3%	5 23.8%	21
1997	19 76.0%	6 24.0%	0 0.0%	0 0.0%	25	6 24.0%	16 64.0%	1 4.0%	2 8.0%	25
1998	11 47.8%	9 39.1%	0 0.0%	3 13.0%	23	4 17.4%	9 39.1%	2 8.7%	8 34.8%	23
1999	19 63.3%	10 33.3%	0 0.0%	1 3.3%	30	8 26.7%	13 43.3%	4 13.3%	5 16.7%	30
2000	18 66.7%	7 25.9%	0 0.0%	2 7.4%	27	5 18.5%	16 59.3%	0 0.0%	6 22.2%	27
2001	18 85.7%	1 4.8%	0 0.0%	2 9.5%	21	1 4.8%	17 81.0%	2 9.5%	1 4.8%	21
2002	14 66.7%	6 28.6%	0 0.0%	1 4.8%	21	4 19.0%	12 57.1%	3 14.3%	2 9.5%	21
2003	15 62.5%	5 20.8%	0 0.0%	4 16.7%	24	2 8.3%	14 58.3%	3 12.5%	5 20.8%	24
2004	20 66.7%	6 20.0%	0 0.0%	4 13.3%	30	5 16.7%	18 60.0%	3 10.0%	4 13.3%	30
2005	23 76.7%	5 16.7%	0 0.0%	2 6.7%	30	5 16.7%	17 56.7%	3 10.0%	5 16.7%	30
2006	24 70.6%	8 23.5%	0 0.0%	2 5.9%	34	2 5.9%	19 55.9%	8 23.5%	5 14.7%	34
2007	20 74.1%	5 18.5%	1 3.7%	1 3.7%	27	7 25.9%	7 25.9%	9 33.3%	4 14.8%	27
2008	30 73.2%	10 24.4%	0 0.0%	1 2.4%	41	3 7.3%	24 58.5%	8 19.5%	6 14.6%	41
2009	11 61.1%	6 33.3%	0 0.0%	1 5.6%	18	4 22.2%	9 50.0%	2 11.1%	3 16.7%	18
2010	9 56.3%	7 43.8%	0 0.0%	0 0.0%	16	2 12.5%	9 56.3%	0 0.0%	5 31.3%	16
2011	52 83.9%	7 11.3%	0 0.0%	3 4.8%	62	17 27.4%	42 67.7%	0 0.0%	3 4.8%	62
2012	14 66.7%	7 33.3%	0 0.0%	0 0.0%	21	9 42.9%	5 23.8%	1 4.8%	6 28.6%	21
Total	515 63.0%	247 30.2%	7 0.9%	49 6.0%	818	185 22.6%	407 49.8%	80 9.8%	146 17.8%	818

Table 4 provides figures specific for the acquisition of the second permit of in-season stacked permit operations.

During the fishing season, stacked permit operations can be formed three ways:

- 1) A person combines two permits that they acquired through permanent transfers; or
- 2) A person holds a permanent permit, and forms a stacked operation by acquiring a second permit they obtained through an emergency transfer; or
- 3) A person acquires two permits, each through an emergency transfer.

Note that permits obtained by emergency transfer are held temporarily, and eventually revert back to the original permit holder by the end of the year. More information on emergency transfers and the extent to which they were used in stacked permit operations is provided in the next section.

Table 4 provides details from the CFEC transfer survey on how the second permit was obtained in stacked permit operations. The figures in the table refer only to scenario (1) above, where the permit holder acquired both of his/her stacked permits through permanent transfers.

The survey indicates that second permits in stacked permit operations were acquired in a similar manner as all S04K permits, with somewhat higher rates of permits obtained by gifts (annually, 73.3% to 77.4%) and higher rates of transfers from family members (annually, 77.8% to 86.7% for the combined totals of immediate family members and other relatives).

Note again that Table 4 does not include stacked permit operations that were formed as the result of an emergency transfer of a permit.

Table 4. Survey Results for Permanent Acquisitions of the Second S04K Permit in Stacked Permit Operations

Year	Transfer Acquisition Methods by Year				Total Permanent Permits	Relationship of Transferors to Transfer Recipients by Year				Total Permanent Permits
	Gift	Sale	Trade	Other		Friend/Partner	Immediate Family	Other Relative	Other	
2008	11 73.3%	4 26.7%	0 0.0%	0 0.0%	15	0 0.0%	12 80.0%	1 6.7%	2 13.3%	15
2009	24 77.4%	7 22.6%	0 0.0%	0 0.0%	31	2 6.5%	24 77.4%	1 3.2%	4 12.9%	31
2010	27 75.0%	9 25.0%	0 0.0%	0 0.0%	36	4 11.1%	26 72.2%	2 5.6%	4 11.1%	36

These figures do not include stacked permit operations where the second permit, or both permits, were obtained on a temporary basis through an emergency transfer.

Emergency Transfers

People can participate in the fishery with permits they hold on a permanent basis, or with permits they obtain on a temporary basis through an emergency transfer. CFEC grants emergency transfers (ET) of permits if illness, disability, death, required military or government service, or other unavoidable hardship of a temporary, unexpected, and unforeseen nature prevents the permit holder from participating in the fishery. “Hardship” with respect to the emergency transfer does not include the results of a permit holder’s own economic decisions, nor the results of economic, biological or regulatory variables which are normally part of the risk of doing business as a fisherman. At the end of the year, all permits that were received by emergency transfer automatically revert back to the permanent permit holder.

During previous Board of Fisheries meetings, some persons raised concerns regarding the use of ET permits if permit stacking regulations were in place. Some postulated that ET permits would be widely used under permit stacking, whereas others indicated that permit stacking would not change the use of ET permits.

Table 5 indicates the use of emergency transfer permits in the Kodiak salmon set gillnet fishery. The table shows the total number of individuals who recorded landings in a year, and indicates the number and percentage of those individuals who used ET permits when they fished.

From 1975 through 1987, the rate of individuals who used ET permits ranged between 1.8% and 5.0%. In 1988, the rates increased and have not been lower than 6.4%. The period 2008 through 2010, which corresponds to the years when permit stacking was in place, show a similar rate of use of ET permits as the overall period from 1988 through 2012.

Table 5. Use of Permanent and ET Permits in the Kodiak Salmon Set Gillnet Fishery

Year	Total Individuals With Landings	Individuals with ET Landings	
1975	125	6	4.8%
1976	150	7	4.7%
1977	147	3	2.0%
1978	161	4	2.5%
1979	165	3	1.8%
1980	169	7	4.1%
1981	170	5	2.9%
1982	172	7	4.1%
1983	175	4	2.3%
1984	172	6	3.5%
1985	172	8	4.7%
1986	181	9	5.0%
1987	178	7	3.9%
1988	191	19	9.9%
1989	90	12	13.3%
1990	195	18	9.2%
1991	193	22	11.4%
1992	183	18	9.8%
1993	181	14	7.7%
1994	173	11	6.4%
1995	176	13	7.4%
1996	174	14	8.0%
1997	183	12	6.6%
1998	177	14	7.9%
1999	182	14	7.7%
2000	186	25	13.4%
2001	180	17	9.4%
2002	94	6	6.4%
2003	168	18	10.7%
2004	176	13	7.4%
2005	176	13	7.4%
2006	164	13	7.9%
2007	162	11	6.8%
2008	153	13	8.5%
2009	132	9	6.8%
2010	133	10	7.5%
2011	162	11	6.8%
2012	167	13	7.8%
average	222.7	17.1	7.7%

Table 6. Use of Emergency Transfer Permits in Stacked Permit Operations In the Kodiak Salmon Set Gillnet Fishery

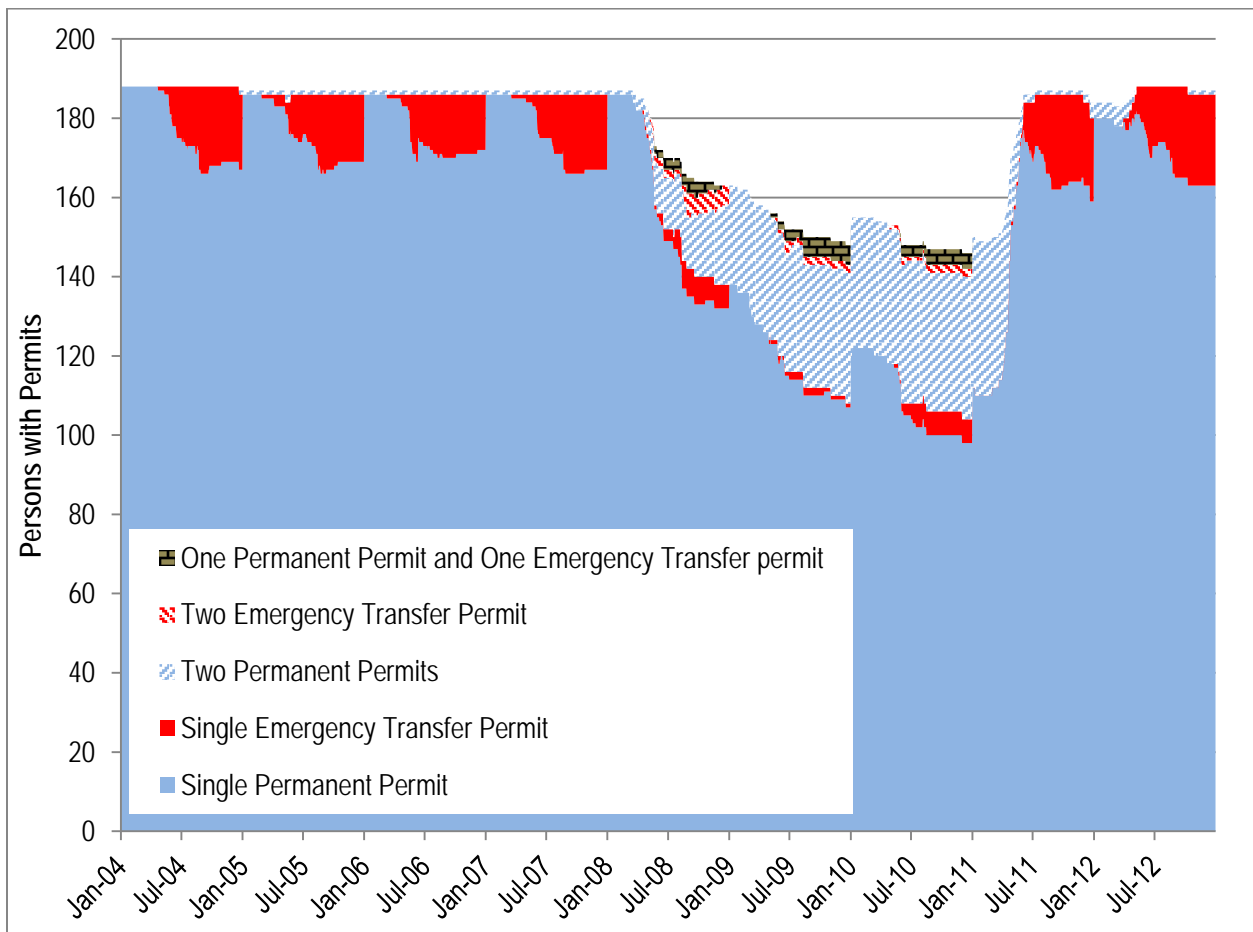
Year	Total Stacked Permit Operations with Landings	Both Permanent Permits	One Permanent and One ET	Both ET Permits
2008	22	15 68.2%	4 18.2%	3 13.6%
2009	38	31 81.6%	5 13.2%	2 5.3%
2010	42	36 85.7%	5 11.9%	1 2.4%

Table 6 provides details on in-season stacked permit operations and their use of emergency transfer permits. Most individuals with stacked permit operations own both their permits on a permanent basis. However, a significant number of stacked permit operations use ET permits for one or both of their permits.

Note again that persons who recorded at least one landing in a year while holding two permits are counted as a stacked permit operation.

Comparing Table 5 with Table 6 indicates that from 2008 through 2010, 31% (20 to 32) of the individuals who used emergency transfer permits used them in stacked permit operations.

Figure 2. Daily Count of Emergency Transfer and Permanent Permit Holdings



Participation, Estimated Gross Earnings, and Effort

Table 7 provides data on participation, estimated gross earnings, and effort (units of gear) for Kodiak salmon set gillnet operations from 2002 through 2012. Effort reflects the sum of the units of gear available for permit holders: single permit operations have one unit of gear, and stacked permit operations have two units. Gross earnings indicates revenues estimated from CFEC analysis of ex-vessel prices applied to commercial salmon harvests recorded on ADF&G fish tickets.

To protect confidential data, earnings for nonlocal and nonresident data in 2008 cannot be displayed.⁴ When there are fewer than four individuals in a group, the earnings data, along with any supplemental data that would allow a calculation of earnings, is not displayed in public reports.

Effort and earnings were particularly low in 2002, which corresponds to a period of low salmon prices and is indicative of most salmon fisheries in Alaska at the time. By 2004, effort had climbed and remained stable through 2012. During the years when stacking regulations were in effect, stacked operations accounted for 25% (2008), 45% (2009), and 48% (2010) of the respective total annual effort in the fishery. Stacked operations accounted for 21.1% of the total fishery earnings in 2008, and rose to 42.9% and 49.9% in 2009 and 2010, respectively.

Table 6. Participation, Effort, and Nominal Gross Earnings for Individuals in the Kodiak Salmon Set Gillnet Fishery, By Residency and Single/Stacked Operations, 2002-2012

Year	Residency	Operation Type	Individual Permit Holders	Permit Holders with Landings	Effort	Total Gross Earnings	Average Gross Earnings	Pct. of Total Permit Holders with Landings	Pct. of Total Gross Earnings
2002	Local	Single	120	63	63	\$1,964,850	\$31,188	67.0%	67.7%
	Nonlocal	Single	30	10	10	\$272,171	\$27,217	10.6%	9.4%
	Nonresident	Single	85	21	21	\$666,712	\$31,748	22.3%	23.0%
			235	94	94	\$2,903,734	\$30,891	100.0%	100.0%
2003	Local	Single	119	94	94	\$3,417,247	\$36,354	56.0%	62.6%
	Nonlocal	Single	27	15	15	\$373,579	\$24,905	8.9%	6.8%
	Nonresident	Single	84	59	59	\$1,668,997	\$28,288	35.1%	30.6%
			230	168	168	\$5,459,822	\$32,499	100.0%	100.0%
2004	Local	Single	123	97	97	\$4,302,633	\$44,357	55.1%	60.0%
	Nonlocal	Single	27	18	18	\$663,665	\$36,870	10.2%	9.3%
	Nonresident	Single	84	61	61	\$2,201,396	\$36,088	34.7%	30.7%
			234	176	176	\$7,167,694	\$40,726	100.0%	100.0%
2005	Local	Single	117	97	97	\$4,511,951	\$46,515	55.1%	60.4%
	Nonlocal	Single	31	22	22	\$962,508	\$43,750	12.5%	12.9%
	Nonresident	Single	87	57	57	\$1,991,235	\$34,934	32.4%	26.7%
			235	176	176	\$7,465,694	\$42,419	100.0%	100.0%
2006	Local	Single	119	90	90	\$3,645,212	\$40,502	54.9%	64.4%
	Nonlocal	Single	32	20	20	\$666,280	\$33,314	12.2%	11.8%
	Nonresident	Single	90	54	54	\$1,344,423	\$24,897	32.9%	23.8%
			241	164	164	\$5,655,915	\$34,487	100.0%	100.0%

⁴ AS 16.05.815.

Table 7. Participation, Effort, and Nominal Gross Earnings for Individuals in the Kodiak Salmon Set Gillnet Fishery, By Residency and Single/Stacked Operations, 2002-2012

Year	Residency	Operation Type	Individual Permit Holders	Permit Holders with Landings	Effort	Total Gross Earnings	Average Gross Earnings	Pct. of Total Permit Holders with Landings	Pct. of Total Gross Earnings		
2007	Local	Single	117	89	89	\$4,736,640	\$53,221	54.9%	68.3%		
	Nonlocal	Single	27	18	18	\$670,114	\$37,229	11.1%	9.7%		
	Nonresident	Single	85	55	55	\$1,525,868	\$27,743	34.0%	22.0%		
			229	162	162	\$6,932,622	\$42,794	100.0%	100.0%		
2008	Local	Single	98	77	77	\$3,418,772	\$44,400	50.3%	49.1%		
		Stacked	13	13	26	\$869,637	\$66,895	8.5%	12.5%		
		Combined	111	90	103	\$4,288,408	\$47,649	58.8%	61.5%		
	Nonlocal	Single	25	13	13	-	-	8.5%			
		Stacked	3	3	6	-	-	2.0%			
		Combined	28	16	19	\$535,556	\$33,472	10.5%	7.7%		
	Nonresident	Single	67	41	41	-	-	26.8%			
		Stacked	6	6	12	-	-	3.9%			
		Combined	73	47	53	\$2,145,157	\$45,642	30.7%	30.8%		
				Single	190	131	131	\$5,496,252	\$41,956	85.6%	78.9%
				Stacked	22	22	44	\$1,472,870	\$66,949	14.4%	21.1%
				Combined	212	153	175	\$6,969,122	\$45,550	100.0%	100.0%
2009	Local	Single	76	57	57	\$2,471,293	\$43,356	43.2%	35.5%		
		Stacked	21	21	42	\$1,729,926	\$82,377	15.9%	25.8%		
		Combined	97	78	99	\$4,201,218	\$53,862	59.1%	62.8%		
	Nonlocal	Single	16	9	9	\$265,603	\$29,511	6.8%	4.0%		
		Stacked	8	8	16	\$517,374	\$64,672	6.1%	7.7%		
		Combined	24	17	25	\$782,977	\$46,057	12.9%	11.7%		
	Nonresident	Single	48	28	28	\$1,084,320	\$38,726	21.2%	16.2%		
		Stacked	9	9	18	\$626,122	\$69,569	6.8%	9.4%		
		Combined	57	37	46	\$1,710,442	\$46,228	28.0%	25.5%		
				Single	140	94	94	\$3,821,216	\$40,651	71.2%	57.1%
				Stacked	38	38	76	\$2,873,422	\$75,616	28.8%	42.9%
				Combined	178	132	170	\$6,694,638	\$50,717	100.0%	100.0%
2010	Local	Single	70	52	52	\$1,294,820	\$24,900	39.1%	18.6%		
		Stacked	26	26	52	\$1,449,827	\$55,763	19.5%	35.7%		
		Combined	96	78	104	\$2,744,647	\$35,188	58.6%	67.5%		
	Nonlocal	Single	17	12	12	\$265,452	\$22,121	9.0%	6.5%		
		Stacked	6	6	12	\$206,643	\$34,441	4.5%	5.1%		
		Combined	23	18	24	\$472,096	\$26,228	13.5%	11.6%		
	Nonresident	Single	39	27	27	\$477,632	\$17,690	20.3%	11.7%		
		Stacked	10	10	20	\$371,927	\$37,193	7.5%	9.1%		
		Combined	49	37	47	\$849,558	\$22,961	27.8%	20.9%		
				Single	126	91	91	\$2,037,904	\$22,395	68.4%	50.1%
				Stacked	42	42	84	\$2,028,397	\$48,295	31.6%	49.9%
				Combined	168	133	175	\$4,066,301	\$30,574	100.0%	100.0%
2011	Local	Single	121	97	97	\$3,276,394	\$33,777	59.9%	64.8%		
	Nonlocal	Single	30	18	18	\$548,954	\$30,497	11.1%	10.9%		
	Nonresident	Single	74	47	47	\$1,230,070	\$26,172	29.0%	24.3%		
			225	162	162	\$5,055,418	\$31,206	100.0%	100.0%		
2012	Local	Single	122	100	100	\$5,884,817	\$58,848	59.9%	64.5%		
	Nonlocal	Single	32	23	23	\$1,226,046	\$53,306	13.8%	13.4%		
	Nonresident	Single	75	44	44	\$2,006,105	\$45,593	26.3%	22.0%		
			229	167	167	\$9,116,968	\$54,593	100.0%	100.0%		

Distribution of Estimated Gross Earnings

While Table 7 shows total and average gross earnings in the fishery, it does not include a measure of the distribution of earnings among permit holders. For example, in 2012, the estimated average gross earnings for Kodiak salmon set gillnet permit holders was \$54,593 (Table 7), yet half of the permit holders are estimated to have earned less than \$40,000, while 25 individuals (15.0%) earned an average of \$110,000 in that same year (Appendix D).

This section describes percentile earnings by ranking individuals highest to lowest by their ex-vessel earnings. The permit holders are then classified into groups of four to calculate the group's average earnings (the groupings thereby comply with restrictions on revealing confidential data). The earnings are graphed in Figures 3 and 4, and the actual numbers are provided in Appendix D.

The graph and the figures indicate that the pattern of the annual distribution of earnings by percentile varies little over the 2002 through 2012 period. One distinguishing feature in each year is the substantially higher average earnings of the top earnings groups. Some exceptions appear to have occurred in 2012 (blue line with square markers) where earnings were more evenly distributed compared to other years, and in 2007 (orange hollow line) where the average earnings in the highest group were considerably higher than the next-highest groups, relative to other years.

Figure 3. Distribution of Estimated Gross Earnings

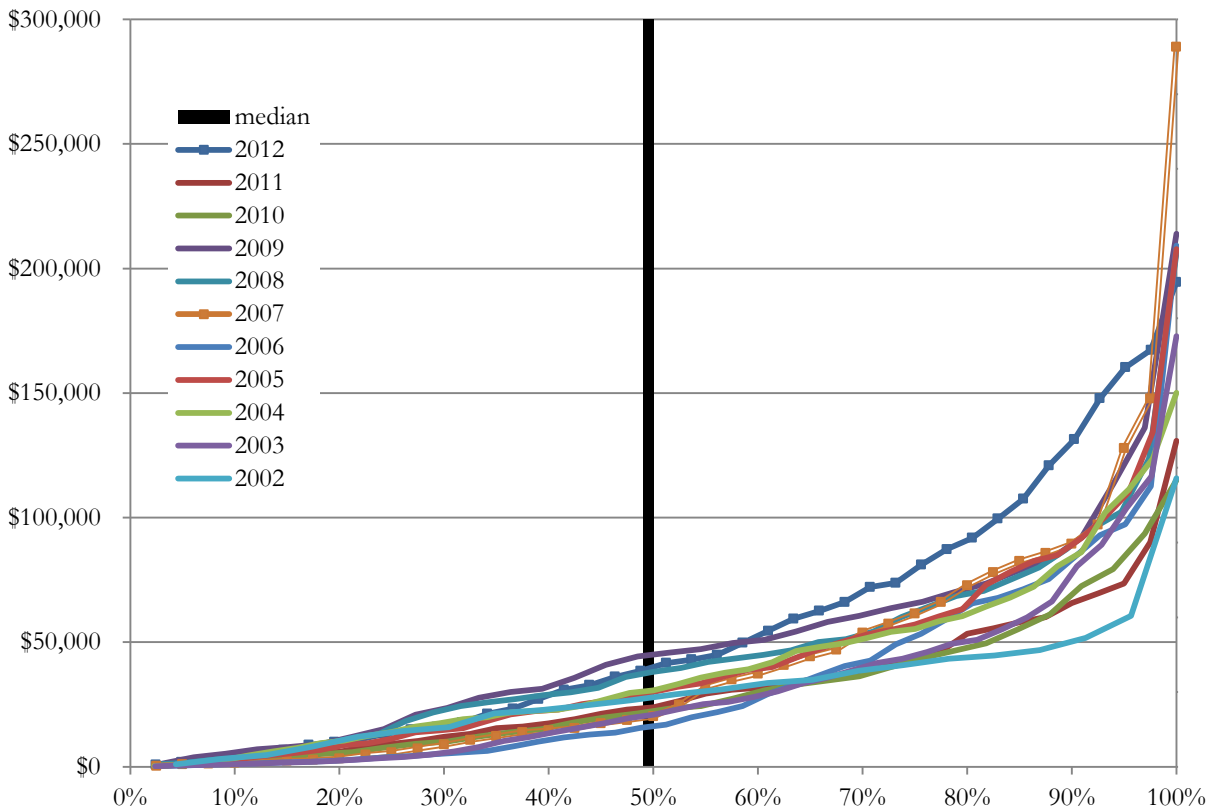
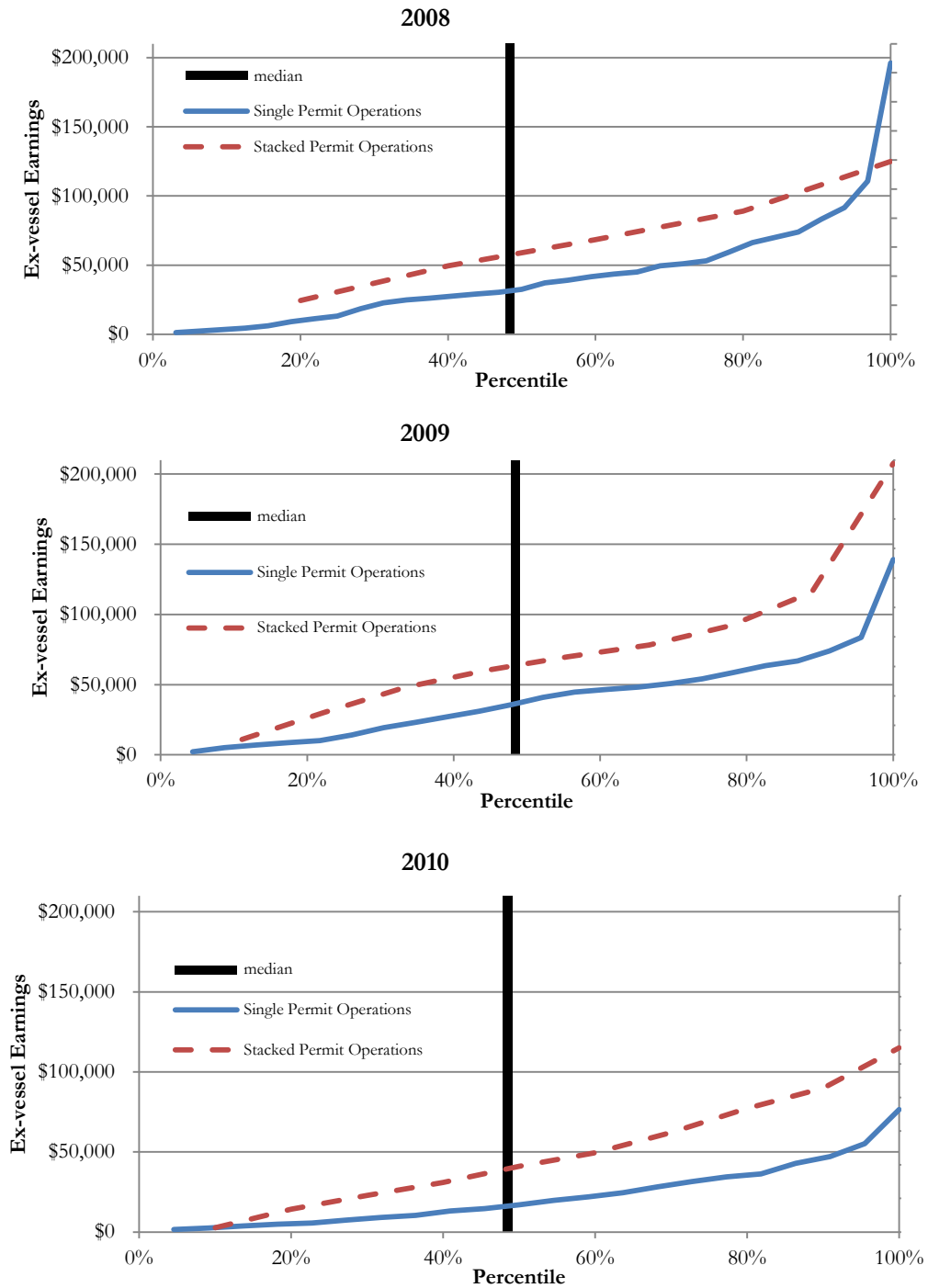


Figure 4. Distribution of Estimated Gross Earnings, 2008 through 2010



New Entrants in the S04K Fishery

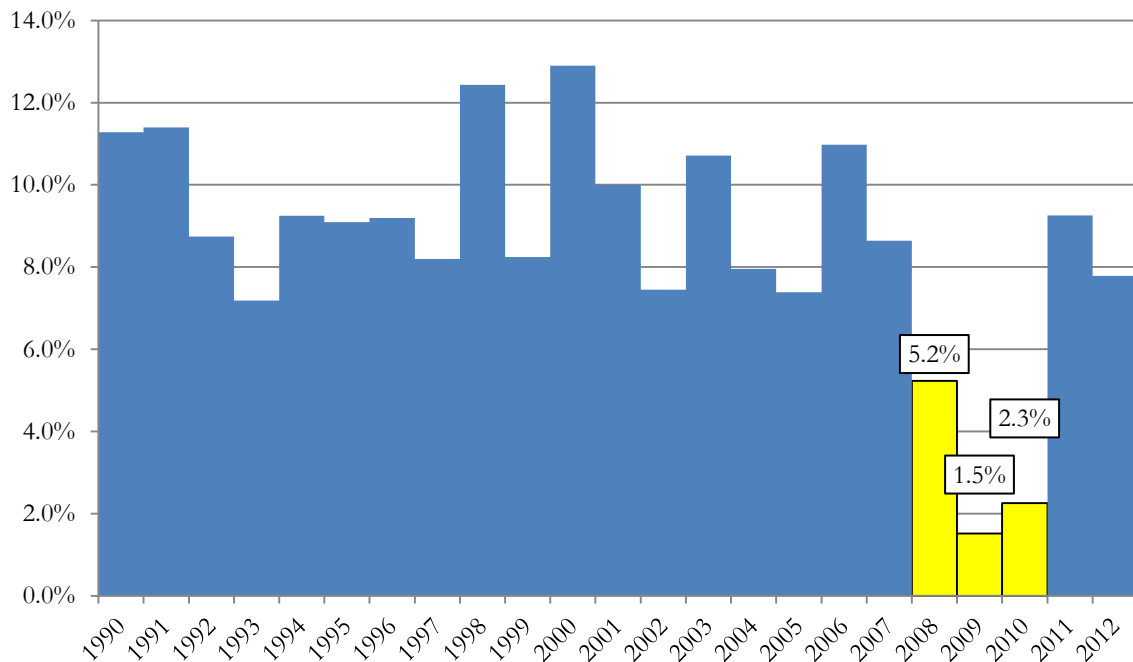
Public comments to the Board of Fisheries indicated that permit stacking could affect new entrants in the Kodiak salmon set gillnet fishery. Opponents of permit stacking voiced concerns that stacking would make it more difficult to enter the fishery because S04K permit prices would increase. Others testified that new entrants would be discouraged from entering the fishery because they would have to buy a second permit to be competitive. Proponents of stacking argued that permit stacking would help make the fishery more profitable, and that a higher retention rate for permits would indicate a healthier fishery. Some stacking proponents also commented that higher profits would entice more individuals to enter the fishery.

Table 8 provides basic data on new entrants into the fishery. New entrants are defined herein as individuals who record a landing on an S04K permit for the first time. By 1990, the adjudication of all claims to Kodiak salmon set gillnet permits had been finalized by CFEC. Following this, from 1990 through 2012, an average of 9.6% of the annual permit holders have been new entrants. Over that same period, the years with the lowest number of new entrants were 2008 through 2010, which corresponds to the same years when permit stacking regulations were in effect.

Table 7. New Entrants in the Kodiak Salmon Set Gillnet Fishery

Year	Individuals	New Entrants	Rate
1990	195	22	11.3%
1991	193	22	11.4%
1992	183	16	8.7%
1993	181	13	7.2%
1994	173	16	9.2%
1995	176	16	9.1%
1996	174	16	9.2%
1997	183	15	8.2%
1998	177	22	12.4%
1999	182	15	8.2%
2000	186	24	12.9%
2001	180	18	10.0%
2002	94	7	7.4%
2003	168	18	10.7%
2004	176	14	8.0%
2005	176	13	7.4%
2006	164	18	11.0%
2007	162	14	8.6%
2008	153	8	5.2%
2009	132	2	1.5%
2010	133	3	2.3%
2011	162	15	9.3%
2012	167	13	7.8%

Figure 5. New Entrants in the Kodiak Salmon Set Gillnet Fishery



Age of Permit Holders

Table 8. Median Age of Select CFEC Permit Holders

Year	All Alaska			All Alaska Permits	Alaska Population Median Age
	S04K	All Kodiak Salmon	Salmon Set Gillnet		
1975	39.9	42.7	36.7	43.4	24.3
1976	37.4	40.8	36.9	41.8	24.7
1977	35.8	39.9	36.6	41.0	25.1
1978	36.1	38.6	36.2	40.6	25.4
1979	36.0	38.5	36.3	40.6	25.8
1980	35.9	38.0	36.3	40.1	26.0
1981	36.9	38.7	36.5	40.0	26.5
1982	37.6	39.2	36.6	40.0	26.6
1983	37.9	39.2	36.2	40.1	26.8
1984	38.2	39.8	36.3	40.4	27.1
1985	38.3	39.3	36.8	40.6	27.5
1986	39.2	39.3	37.2	40.6	27.8
1987	39.1	39.2	37.5	40.9	28.3
1988	40.8	39.3	37.8	41.1	28.9
1989	40.8	39.9	38.5	41.5	29.4
1990	42.1	40.4	38.8	41.9	29.3
1991	41.9	40.7	39.4	42.4	29.7
1992	42.4	41.3	39.8	42.9	30.1
1993	43.2	42.0	40.4	43.5	30.5
1994	44.4	42.9	40.9	44.0	30.8
1995	45.1	43.5	41.5	44.4	31.1
1996	45.8	44.5	42.2	45.0	31.5
1997	45.6	44.9	42.5	45.5	31.8
1998	46.6	45.5	43.1	46.1	32.1
1999	46.2	45.9	43.6	46.6	32.3
2000	46.2	46.5	43.9	47.1	32.4
2001	47.6	47.5	44.6	47.5	32.7
2002	47.9	48.2	45.4	48.2	33.0
2003	48.9	49.2	46.0	48.9	33.2
2004	49.1	49.9	46.4	49.3	33.4
2005	49.6	50.6	46.5	49.8	33.6
2006	49.2	50.8	46.8	50.2	33.8
2007	49.8	51.6	47.3	50.6	33.9
2008	50.2	52.3	47.3	51.0	33.9
2009	52.6	53.3	47.8	51.6	33.9
2010	54.2	54.5	48.2	51.9	33.8
2011	52.9	54.3	48.7	52.3	33.9
2012	53.5	54.9	49.3	52.6	34.1

Table 9 shows the annual median age of Kodiak salmon set gillnet (S04K) permit holders, and compares their ages with four other cohorts: all Kodiak salmon permit holders (set gillnet, purse seine, and beach seine); all Alaska salmon set gillnet permit holders statewide; all CFEC limited entry permit holders; and the median age of all Alaskans for the years 1975 through 2012.

Note that some individuals hold permits in more than one fishery; in these cases, the age of the persons will be counted for each permit that they hold.

Statewide, Alaska's median age has increased 9.8 years between 1975 and 2012, which represents a 40% increase. The age of Kodiak salmon set gillnet permit holders has increased 13.6 years, which is a 34% increase over the same time period for that cohort.

In the Kodiak salmon set gillnet fishery, the three years with the largest increase in median age were 1988, 2009, and 2010, where the annual increase in age from the preceding year ranged from 1.6 to 2.4 years. For years where the median age of S04K permit holders decreased from the preceding year, the three highest years were 1976 and 1977 – which corresponds to the period immediately after limited entry was implemented, and follows a similar pattern for all statewide limited entry permits - and 2011, which was the year following the sunset of permit stacking regulations.

Latent Permits

CFEC regulations require individuals to renew their limited entry permits annually, regardless of whether they actually fish. Permits that are not used to record landings are referred to herein as “latent” permits.

Table 10 enumerates the total number of permits in the S04K fishery, and shows the rate of permit latency. Several complications make it difficult to accurately count the number of latent permits. The figures should be viewed with caution.

In some cases, permits might be active in the fishery but might not be used to record landings. This can occur when permit holders fish in a group, especially among family or friends, and the group records their landings on only one, or some, of the group’s permits. Although this practice is unlawful,⁵ it allegedly occurs in the set gillnet fisheries at a rate higher than in other fisheries. The effect would be to under-count the number of permits active in the fishery, and over-estimate the latency rate.

Individuals in stacked permit operations who record their landings on only one permit could have a similar effect on the figures by under-counting the actual number of permits used in the fishery. However, in Table 10 and throughout this report, the second permit in a stacked permit operation has been accounted for, irrespective of whether the permit was actually used to record landings. In this fashion, permit records of stacked permit operations should not adversely affect the calculations. Recall that stacked permits were allowed in the fishery from 2008 through 2010.

There are many reasons why an individual might not fish in any given year. This table does not explain any of these reasons, but rather simply estimates the rate of permit latency.

Table 9. Kodiak Set Gillnet Permit Latency

Year	Total Fishery Permits	Permits With Landings	Latency Rate	Permit Landings, and /or DNR Lease	Latency Rate
1975	230	122	47.0%	122	47.0%
1976	187	148	20.9%	148	20.9%
1977	186	147	21.0%	147	21.0%
1978	188	160	14.9%	160	14.9%
1979	186	164	11.8%	165	11.3%
1980	187	168	10.2%	169	9.6%
1981	187	169	9.6%	171	8.6%
1982	187	170	9.1%	173	7.5%
1983	188	174	7.4%	177	5.9%
1984	188	168	10.6%	170	9.6%
1985	188	169	10.1%	174	7.4%
1986	187	174	7.0%	177	5.3%
1987	188	173	8.0%	178	5.3%
1988	188	179	4.8%	182	3.2%
1989	189	87	54.0%	128	32.3%
1990	189	184	2.6%	185	2.1%
1991	189	185	2.1%	186	1.6%
1992	189	178	5.8%	186	1.6%
1993	190	176	7.4%	185	2.6%
1994	190	169	11.1%	181	4.7%
1995	189	173	8.5%	183	3.2%
1996	189	172	9.0%	180	4.8%
1997	188	174	7.4%	183	2.7%
1998	188	171	9.0%	181	3.7%
1999	188	173	8.0%	180	4.3%
2000	188	172	8.5%	181	3.7%
2001	188	172	8.5%	177	5.9%
2002	188	93	50.5%	164	12.8%
2003	188	161	14.4%	173	8.0%
2004	188	164	12.8%	174	7.4%
2005	188	165	12.2%	175	6.9%
2006	188	153	18.6%	174	7.4%
2007	188	157	16.5%	175	6.9%
2008	188	165	12.2%	178	5.3%
2009	188	167	11.2%	178	5.3%
2010	188	174	7.4%	182	3.2%
2011	188	157	16.5%	168	10.6%
2012	188	164	12.8%	174	7.4%

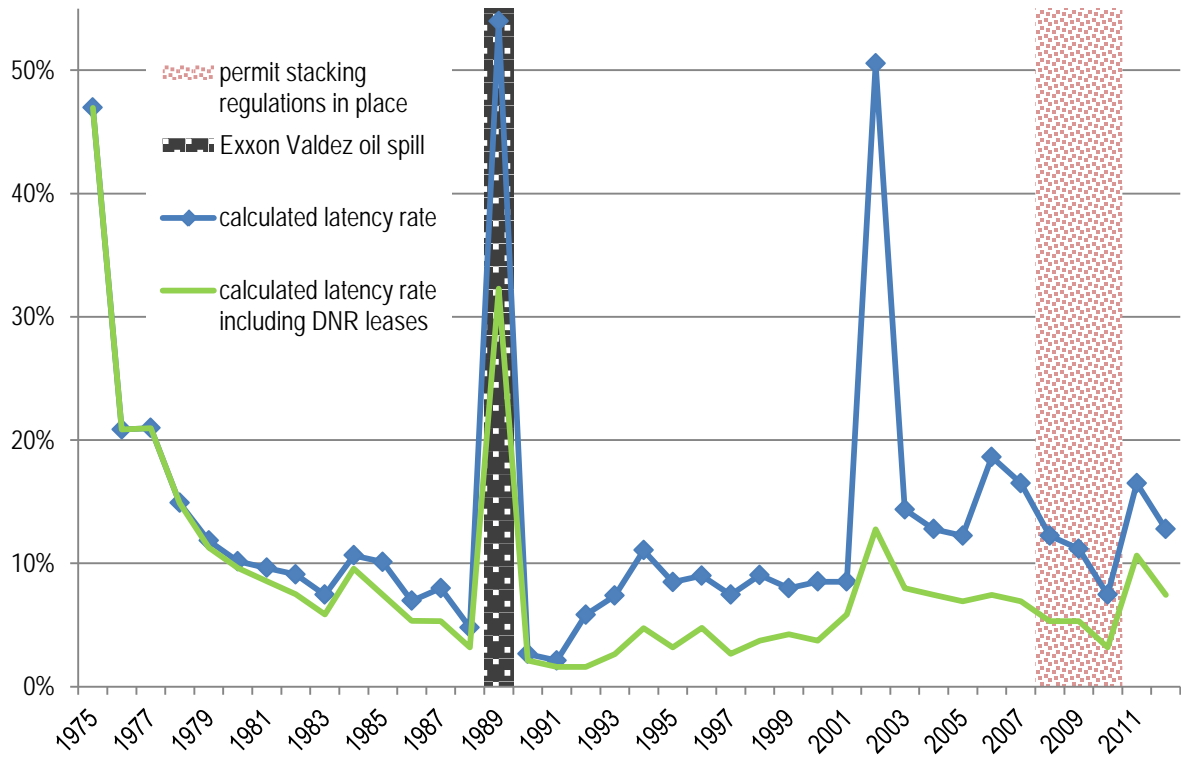
'Total Fishery Permits' is the number of S04K permits issued in the year.

'Permits with Landings' is the number of CFEC permits that were used to record commercial landings in that year, and includes each of the permits that were part of stacked permit operations.

'Permit Landings and/or DNR Lease' is the number of CFEC permits that were used to record a landing (including the second permit in stacked permit operations), or were associated with a DNR shore fishery lease. This assumes that all CFEC permits named to DNR leases were used.

⁵ See AS 16.05.680 (b) and AS 16.05.690 (b).

Figure 6. Rate of Permit Latency



Participation in Other Fisheries

Some comments to the Board of Fisheries suggested that permit stacking could affect a person's ability to expand into other fisheries. The second column in Table 11 shows the total annual number of individuals who made commercial landings with S04K permits. Subsequent columns indicate the number of those individuals who made commercial landings in other fisheries, along with details on the fish species represented by their permits.

Note that in the table, some individuals who fished additional permits can be counted in more than one category. For example, of the 20 individuals who fished additional permits in 2012, 10 individuals made landings with halibut permits; some of those persons may have also made landings with miscellaneous saltwater finfish permits.

Table 10. Landings by Kodiak Salmon Set Gillnet Permit Holders in Other Fisheries

Year	Total S04K Permit Holders	S04K Permit Holders With Landings on Additional Permit(s)	Halibut	Sablefish	Salmon	Herring	Misc. Saltwater Finfish	Crab	Other
1975	125	10 8.0%	0	0	6	0	0	5	0
1976	150	6 4.0%	1	0	3	0	0	2	0
1977	147	17 11.6%	10	0	2	0	0	8	1
1978	161	26 16.1%	13	0	5	7	0	3	0
1979	165	32 19.4%	16	0	4	11	0	4	1
1980	169	32 18.9%	16	0	2	19	1	6	3
1981	170	38 22.4%	28	0	4	15	0	6	3
1982	172	37 21.5%	30	0	5	6	0	7	1
1983	175	44 25.1%	38	0	3	5	0	5	0
1984	172	24 14.0%	16	0	3	8	0	5	0
1985	172	23 13.4%	13	1	3	7	1	5	2
1986	181	20 11.0%	15	0	1	5	1	6	1
1987	178	29 16.3%	23	0	3	5	4	5	1
1988	188	36 19.1%	29	1	1	7	2	6	1
1989	90	9 10.0%	5	0	0	2	0	2	1
1990	195	34 17.4%	27	1	1	7	1	4	0
1991	192	31 16.1%	26	0	0	8	5	2	0
1992	183	42 23.0%	32	1	0	11	3	2	1
1993	178	27 15.2%	24	0	0	3	3	2	0
1994	174	29 16.7%	27	0	1	6	2	2	0
1995	177	12 6.8%	5	0	1	6	3	0	0
1996	175	17 9.7%	10	1	2	5	4	0	0
1997	183	16 8.7%	11	1	1	5	5	0	0
1998	177	12 6.8%	6	0	0	2	6	0	0
1999	182	17 9.3%	14	0	0	1	6	0	0
2000	186	20 10.8%	13	0	0	2	9	0	1
2001	180	15 8.3%	8	0	0	3	6	4	0
2002	94	12 12.8%	7	0	0	2	2	5	0
2003	166	15 9.0%	11	0	1	3	6	5	0
2004	176	18 10.2%	12	0	1	2	7	5	0
2005	176	16 9.1%	12	0	0	2	4	5	0
2006	164	17 10.4%	13	0	0	0	5	4	0
2007	162	19 11.7%	16	1	0	0	4	4	0
2008	153	13 8.5%	13	1	0	0	2	3	0
2009	131	11 8.4%	11	1	0	0	2	3	0
2010	133	17 12.8%	11	2	1	2	4	4	0
2011	162	20 12.3%	11	2	0	3	10	4	0
2012	167	20 12.0%	10	2	2	0	12	4	0

Permit Price

Some of the discussion regarding permit stacking has revolved around its influence on the value of set gillnet permits. Ultimately, there are many reasons why individuals decide to acquire permits, and there are many factors that can influence how much they are willing to pay for the fishing privilege. Likewise, individuals who transfer their permits to others will have their own reasons for doing so, and they will develop their own sense for how much their permit is worth and under what terms they will sell it. A sale will occur when a buyer and seller agree to the terms of the sale. As a consequence, permit values may vary widely over time.

In the Kodiak salmon set gillnet fishery, only one in four (25.0%) of the permit transfers since 1991 have come as sales transactions. The annual estimated value of S04K permits are shown in Table 12, and are graphed in Figure 7. The estimates reflect average prices paid for permits in arms-length transactions during the year, provided at least 4 transactions occurred. If there were less than 4 transactions in a year, the most recent four transactions are averaged to create the estimated permit value for the year. The estimates are shown both as nominal values, and as values that have been adjusted for inflation (“real” values).⁶ Figure 7 also depicts the range (two standard deviations above and below) of prices paid for permits in the year.

Permit prices in the fishery peaked in the early 1990’s, which is a pattern common in many Alaska salmon fisheries. There was also a wide variation in permit prices reported in the 1990’s, which was also common among statewide salmon fisheries at that time.⁷ The period of high permit values was followed by a general decline until 2002, when a sharp drop occurred. Kodiak set net permit prices continued to generally decline through 2005, when the average inflation-adjusted value dropped to \$44,438, which was the lowest over the period. Real values then began to rise each year, and stood at \$77,200 at the end of 2012.

Analyzing the effects of permit stacking on permit values for the Kodiak set gillnet fishery is hindered by the lack of observations on permit sales. This contrasts with the Bristol Bay salmon set gillnet fishery, where permit stacking occurred from 2010 through 2012. There are 979 permits in the Bristol Bay fishery, and an average of 39 permit sales per year. An in-depth analysis by CFEC of permit values in the Bristol Bay fishery suggested that permit stacking likely influenced a rise in permit prices in that fishery during the stacking period.⁸ In the Kodiak salmon set gillnet fishery, the small number of permit sales (avg. 6.4 per year) and the high proportion of non-monetary transactions prevents a similar meaningful analysis. As a result, the authors of this report advise that the effects of permit stacking on the value of Kodiak salmon set gillnet permits are at this time inconclusive.

⁶ 2012 consumer price index from the U.S. Bureau of Labor Statistics at: <http://www.bls.gov/news.release/pdf/cpi.pdf>

⁷ CFEC monthly permit value estimates at: http://www.cfec.state.ak.us/mnu_Permit_Values.htm

⁸ CFEC Report 12-2N, *Bristol Bay Permit Stacking*, and CFEC memorandum to the Alaska Board of Fisheries, Kurt Iverson to Monica Wellard and Karl Johnstone, February 22, 2013.

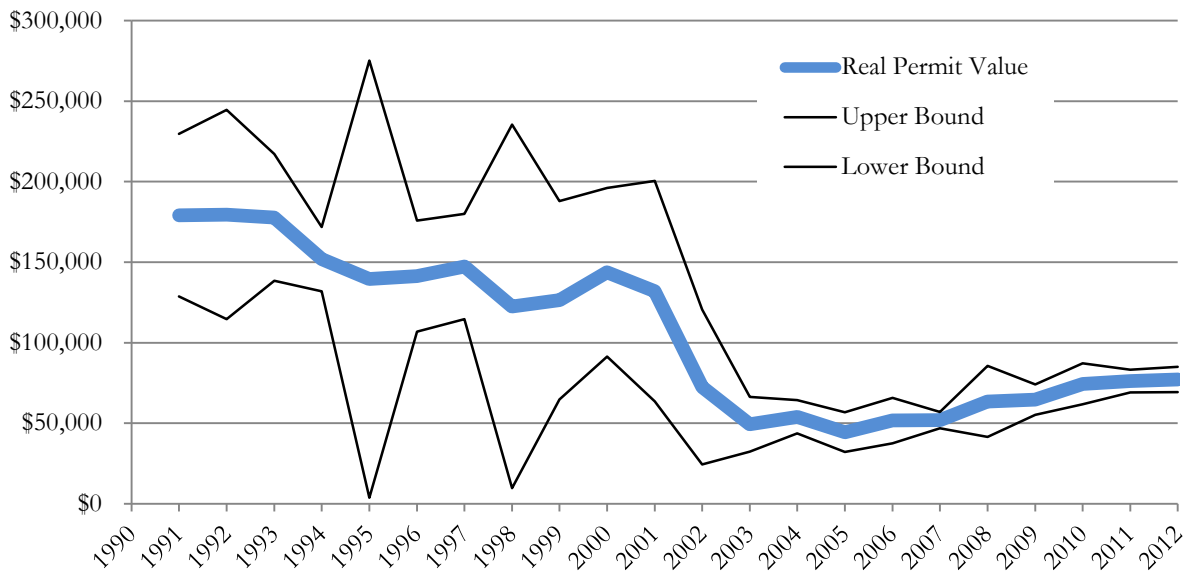
Table 11. Kodiak Salmon Set Gillnet Permit Prices

Year	Permit Sales	Nominal Permit Value	Nominal Standard Deviation	Real Permit Value	Real Standard Deviation
1991	3	\$106,300	\$14,950	\$179,191	\$25,201
1992	9	\$109,700	\$19,850	\$179,519	\$32,484
1993	8	\$111,900	\$12,350	\$177,796	\$19,623
1994	5	\$98,000	\$6,450	\$151,823	\$9,992
1995	5	\$92,600	\$45,050	\$139,504	\$67,869
1996	7	\$96,600	\$11,800	\$141,356	\$17,267
1997	6	\$103,000	\$11,400	\$147,341	\$16,308
1998	9	\$87,000	\$40,050	\$122,544	\$56,413
1999	10	\$91,700	\$22,350	\$126,373	\$30,801
2000	7	\$107,800	\$19,650	\$143,730	\$26,199
2001	1	\$101,800	\$26,400	\$131,974	\$34,225
2002	6	\$56,800	\$18,850	\$72,490	\$24,057
2003	5	\$39,500	\$6,800	\$49,288	\$8,485
2004	6	\$44,400	\$4,250	\$53,965	\$5,166
2005	5	\$37,800	\$5,250	\$44,438	\$6,172
2006	8	\$45,400	\$6,200	\$51,704	\$7,061
2007	5	\$46,900	\$2,250	\$51,933	\$2,491
2008	10	\$59,600	\$10,350	\$63,556	\$11,037
2009	6	\$60,400	\$4,400	\$64,639	\$4,709
2010	7	\$70,700	\$6,050	\$74,441	\$6,370
2011	7	\$74,700	\$3,450	\$76,246	\$3,521
2012	7	\$77,200	\$3,900	\$77,200	\$3,900

Notes:

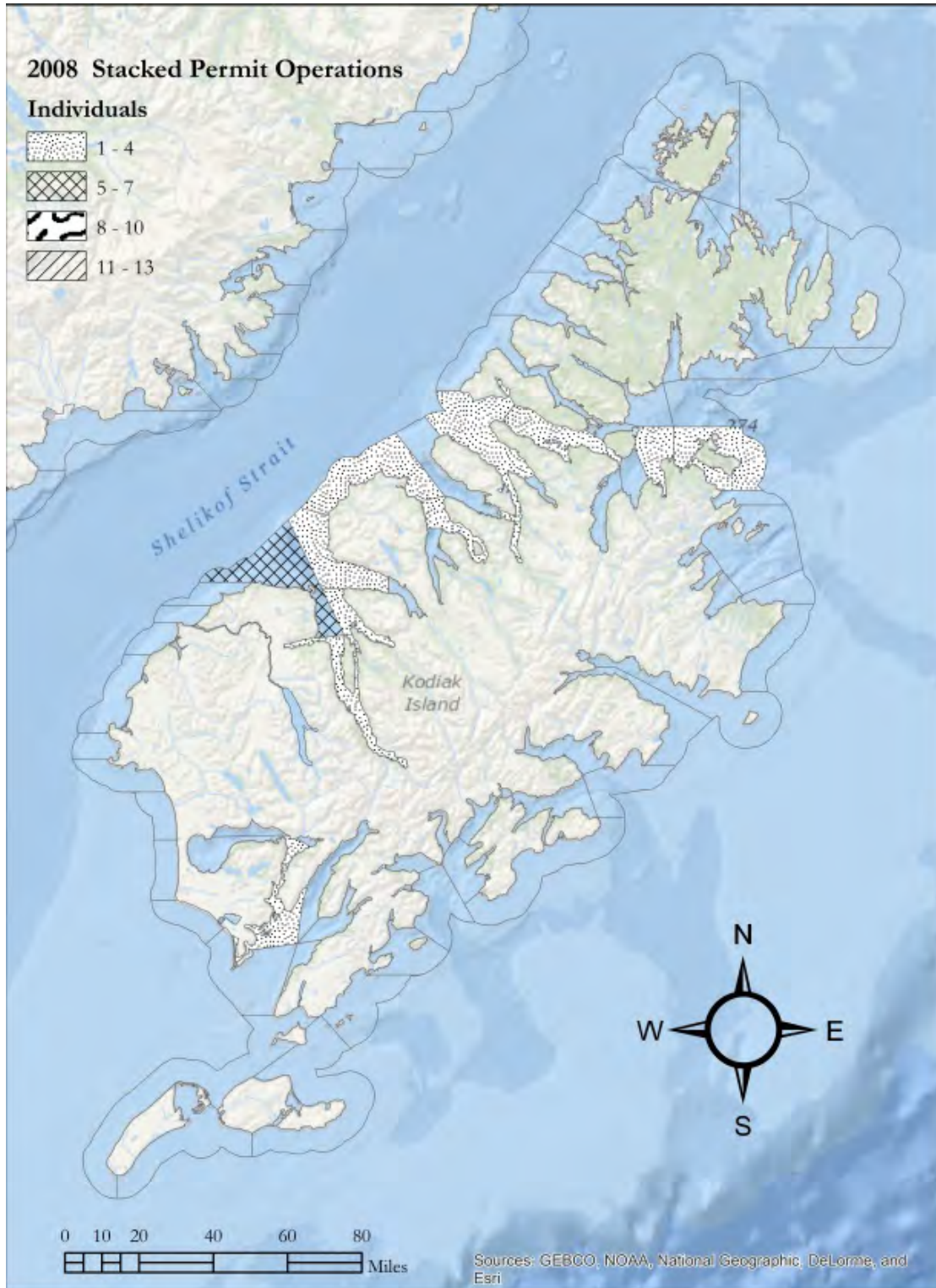
- 1) Permit values represent averages of all arms-length sale transactions over the year. Where insufficient data exist, additional data from recent months in the preceding year are included until at least four observations can be averaged.
- 2) Real permit values have been calculated using the 2012 CPI from the U.S. Bureau of Labor Statistics.

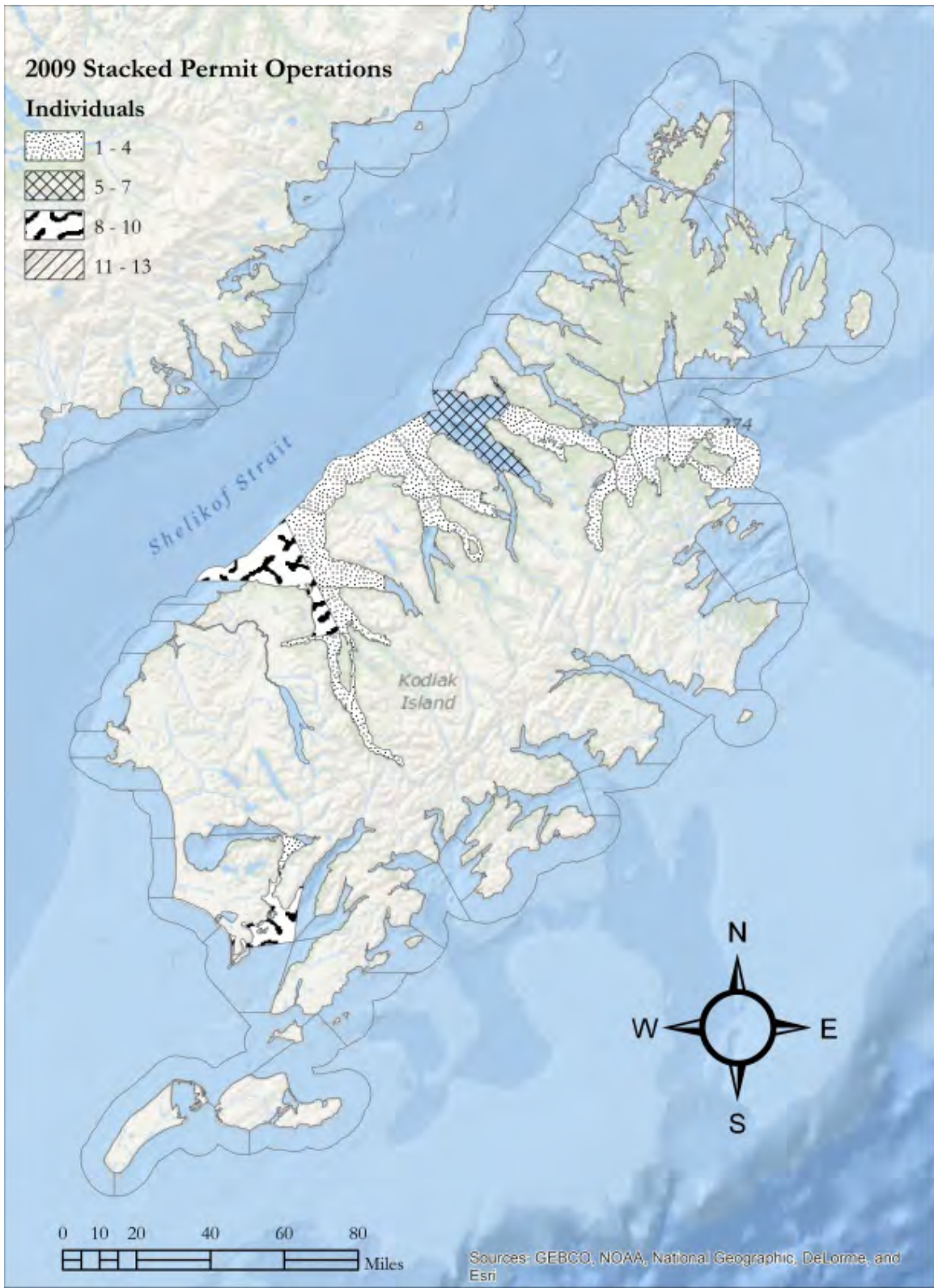
Figure 7. Kodiak Salmon Set Gillnet Real Permit Prices

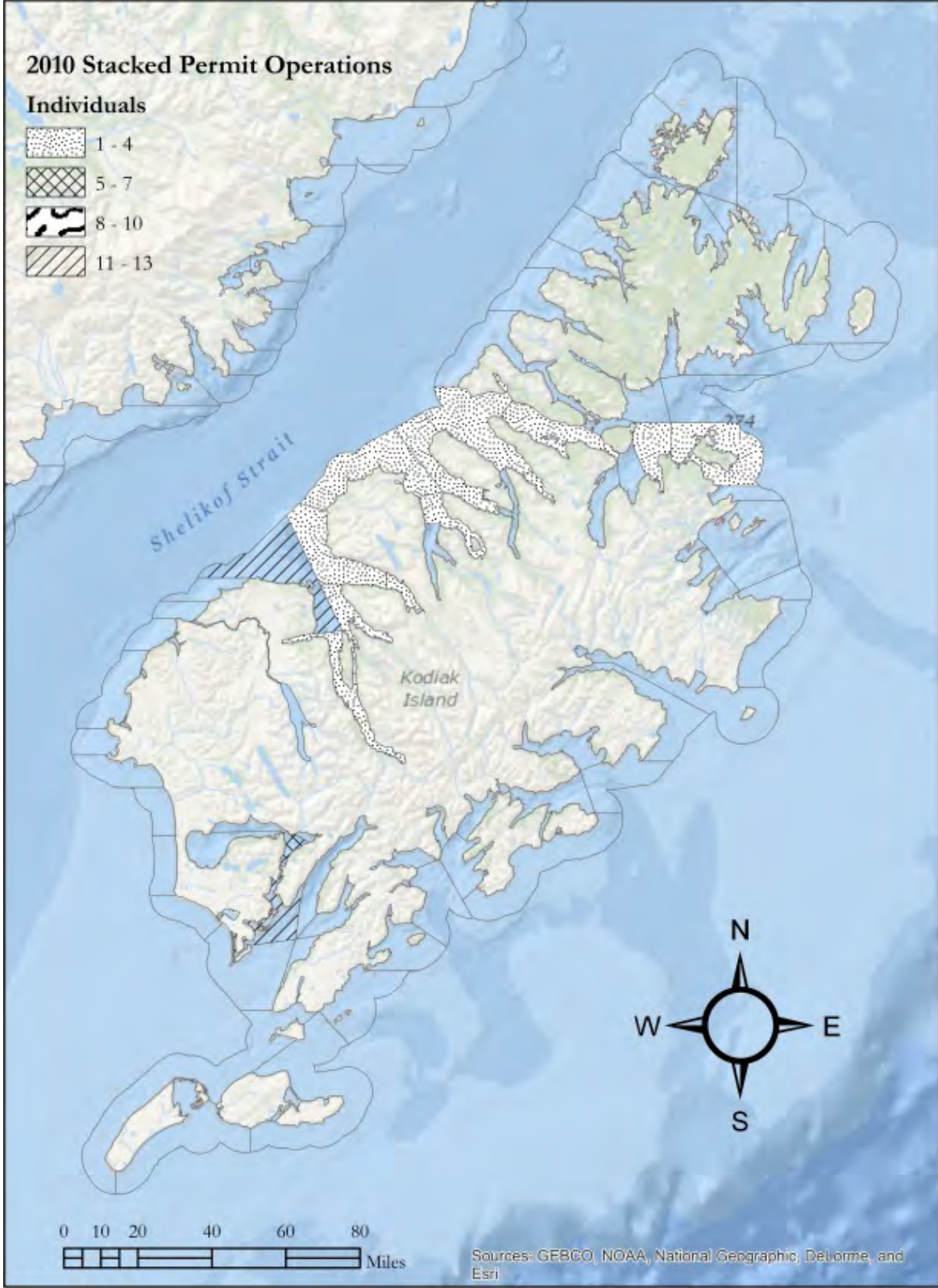


Values are adjusted for inflation using the 2012 CPI from the U.S. Bureau of Labor Statistics. Upper and lower bound represent two standard deviations from the mean.

Appendix A. Location of Stacked Permit Operations







Appendix B. Excerpt From RC 42 of the Kodiak Finfish Board of Fisheries Meeting, Held in 2011

BACKGROUND & LEGISLATIVE HISTORY

ON AS 16.05.251(i), HB 251 (2006)

Lance Nelson, Sr. AAG, Dep't of Law, January 11, 2011

The Board's authority to allow permit-stacking is set out in AS 16.05.251(i), which was enacted in 2006 as House Bill 251 (HB 251):

Notwithstanding AS 16.43.140(c)(5), the board may adopt, at a regularly scheduled meet at which the board considers regulatory proposals for management of a specific salmon fishery, a regulation to allow a person who holds two entry permits for that salmon fishery an additional opportunity appropriate for that particular fishery.

Earlier, CFEC statutes had in 2002 provided that a person could own two salmon permits, but could not fish under the second permit:

(c) A person may hold more than one interim-use or entry permit issued or transferred under this chapter only for the following purposes:

...

(5) consolidation of the fishing fleet for a salmon fishery; however, a person may hold not more than two entry permits for a salmon fishery under this paragraph, but the person who holds two entry permits for a salmon fishery may not engage in fishing under the second entry permit.

AS 16.05.140 (c) (5). The gist of HB 251 was that the Board, on a fishery-by-fishery basis, could authorize a holder of two salmon permits to operate both permits with an opportunity to harvest greater than the holder of a single permit.

The board has used this authority to allow dual set gillnet permit holders to fish with double the amount of gear available to single permit holders in the Bristol Bay and Kodiak set gillnet fisheries. 5 AAC 06.331 (u); 5 AAC 18.332 (j)

As stated in legislative committee meetings below by the bill's sponsor and others, it gives the Board an extra tool to

- reduce the amount of gear in the water and therefore reduce competition,
- consolidate the fishery,
- reduce the large number of latent permits caused by low prices,
- make fisheries more efficient,
- make the fisheries more economically viable,
- avoid permit buybacks, which would make it harder for new entrants to come into the fishery,
- avoid surges of latent permits coming back into the fishery when things look better,

Appendix C. Regulatory Synopsis of Stacked Permit and Dual Permit Operations

Dual Permits:

Two CFEC Permit Holders Fishing Concurrently From One Vessel and Granted an Additional Compliment of Gear

Fishery and Fishery Code	First Season In Effect	Basic Regulation	Identification	Special Considerations	Regulations
Bristol Bay Salmon Drift Gillnet S03T	2004	Two permit holders may fish from a single vessel; the vessel's total allowable gear increases from 150 to 200 fathoms	Vessels display a 'D' adjacent to the license plate when fishing 2 permits. Otherwise, the 'D' is to be covered.	Dual-permit operations are not allowed in certain restricted fishing areas	5 AAC 06.333 5 AAC 06.370
Cook Inlet Salmon Drift Gillnet S03H	2008	Two permit holders may fish from a single vessel; the vessel's total allowable gear increases from 150 to 200 fathoms	Vessels display a 'D' adjacent to the license plate when fishing 2 permits. Otherwise, the 'D' is to be covered.	Dual-permit operations are not allowed in certain restricted fishing areas	5 AAC 21.333
Southeast Herring Gillnet G34A	2006	Two permit holders may fish from a single vessel; the vessel's allowable gear increases from a single 50-fathom net to a 75-fathom net.	Vessels display the letter 'D' adjacent to the license plate when fishing 2 permits. Otherwise, the 'D' is to be covered.		5 AAC 27.131(i)

**Stacked Permits:
One CFEC Permit Holder Who Holds Two Permits and is Granted an Additional Compliment of Gear**

2002: AS 16.43.140 (c) was amended to allow individuals to hold two salmon limited entry permits in the same fishery.

2006: AS 16.05.251 (i) gives the BOF the authority to grant fishing privileges to the second permit held by an individual.

Fishery and Fishery Code	First Season In Effect	Basic Regulation	Identification	Special Considerations	Regulations
Kodiak Salmon Set Gillnet S04K	2 regulations: (a) 2008 and (b) 1985 then 2010:	(a) Permit holders may own and fish 2 permits simultaneously. Their allowable gear doubles from 2 nets and 150 fathoms to 4 nets and 300 fathoms. (b) Two permit holders may fish in a joint venture; the operation's total allowable gear increases from 2 nets and 150 fathoms to 3 nets and to 300 fathoms Board of Fish allowed stacked permit regulation to sunset	In 2008 persons who fished 2 permits were issued 2 permit cards: a standard card and a white-colored (non-functioning) card. In 2009, the non-functioning card was yellow-colored. In 2010, persons were issued 2 standard cards, and either could be used to record a landing. Gillnet buoys must be marked with a 'D' and with both permit numbers when the operation fishes 2 permits.	(a) Unless reauthorized, this regulation expires December, 2010 (did expire in 2010)	5 AAC 18.331
Bristol Bay Salmon Set Gillnet S04T	2010	Permit holders may own and fish 2 permits simultaneously. Their allowable gear doubles from 2 nets and 50 fathoms to 4 nets and 100 fathoms.	Persons who fish 2 permits are issued 2 permit cards. Each are standard cards and either can be used to record a landing. Gillnet buoys must be marked with a 'D' and with both permit numbers when the operation fishes 2 permits.	(u) "...the provisions of this subsection do not apply after December 31, 2012." (did expire in 2012)	5 AAC 06.331(u)

**Stacked Permits:
One CFEC Permit Holder Who Holds Two Permits and is Granted an Additional Compliment of Gear**

2002: AS 16.43.140 (c) was amended to allow individuals to hold two salmon limited entry permits in the same fishery.

2006: AS 16.05.251 (i) gives the BOF the authority to grant fishing privileges to the second permit held by an individual.

Fishery and Fishery Code	First Season In Effect	Basic Regulation	Identification	Special Considerations	Regulations
Cook Inlet Salmon Set Gillnet S04H	2011	Permit holders may own and fish 2 permits simultaneously. Their allowable gear doubles from 4 nets and 105 fathoms to 210 fathoms in aggregate, with no single net longer than 35 fathoms.	Persons who fish 2 permits are issued 2 permit cards. Each are standard cards and either can be used to record a landing. Gillnet buoys must be marked with a 'D' and with both permit numbers when the operation fishes 2 permits.		5 AAC 21.331
Yakutat Salmon Set Gillnet S04D	2012	Permit holders may own and fish 2 permits simultaneously. Their allowable gear doubles from 4 nets and 105 fathoms to 210 fathoms in aggregate, with no single net longer than 35 fathoms.	Persons who fish 2 permits are issued 2 permit cards. Each are standard cards and either can be used to record a landing. Gillnet buoys must be marked with a 'D' and with both permit numbers when the operation fishes 2 permits. Valid only for Situk, Yakutat Bay, and Kaliakh, and only if Situk Chinook escapement exceeds 750 fish.	(e) Unless reauthorized, this regulation expires December, 2014	5 AAC 30.345

Appendix D. Quantile Ex-vessel Gross Earnings

Table 12. Quantile Gross Earnings for all Permit Holders
In the Kodiak Salmon Set Gillnet Fishery, 2002-2012

Group	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	\$925	\$234	\$317	\$311	\$232	\$333	\$1,003	\$1,272	\$1,098	\$356	\$856
2	\$3,224	\$567	\$713	\$766	\$529	\$875	\$1,654	\$3,846	\$1,729	\$992	\$1,813
3	\$4,766	\$669	\$1,373	\$1,377	\$820	\$1,142	\$2,832	\$5,223	\$2,304	\$1,743	\$2,403
4	\$8,018	\$998	\$2,840	\$1,875	\$1,076	\$1,546	\$3,549	\$6,968	\$2,915	\$2,816	\$3,629
5	\$12,069	\$1,292	\$4,554	\$3,681	\$1,396	\$2,078	\$4,414	\$7,920	\$4,145	\$3,938	\$4,898
6	\$14,340	\$1,621	\$6,137	\$4,704	\$1,771	\$2,393	\$6,209	\$9,129	\$5,118	\$4,489	\$6,640
7	\$15,869	\$1,886	\$7,572	\$5,573	\$2,050	\$2,694	\$9,125	\$11,999	\$5,922	\$5,450	\$8,737
8	\$21,359	\$2,230	\$9,480	\$6,810	\$2,389	\$3,287	\$11,302	\$15,165	\$7,632	\$6,001	\$9,941
9	\$22,633	\$2,789	\$10,504	\$8,733	\$3,029	\$4,727	\$13,061	\$20,909	\$9,144	\$8,067	\$10,991
10	\$24,643	\$3,365	\$12,418	\$9,457	\$3,810	\$5,614	\$18,391	\$23,530	\$10,059	\$9,154	\$13,135
11	\$26,702	\$3,950	\$14,019	\$11,270	\$4,345	\$7,231	\$21,794	\$27,699	\$12,130	\$10,331	\$14,864
12	\$29,078	\$4,789	\$16,102	\$13,795	\$5,152	\$8,853	\$24,345	\$30,026	\$13,816	\$12,019	\$15,966
13	\$31,104	\$6,113	\$17,381	\$14,639	\$5,748	\$10,737	\$25,933	\$31,311	\$15,164	\$13,129	\$17,690
14	\$33,564	\$7,956	\$19,080	\$15,493	\$6,339	\$12,255	\$27,231	\$35,702	\$17,810	\$15,512	\$21,245
15	\$34,905	\$10,350	\$19,920	\$18,330	\$8,127	\$13,829	\$28,726	\$40,999	\$19,879	\$16,094	\$23,316
16	\$38,443	\$11,959	\$21,757	\$21,010	\$10,063	\$14,540	\$29,937	\$44,303	\$21,426	\$17,460	\$27,159
17	\$40,758	\$13,819	\$22,394	\$22,261	\$11,785	\$15,499	\$31,689	\$45,851	\$23,290	\$19,155	\$30,882
18	\$43,361	\$15,689	\$22,996	\$23,014	\$12,983	\$17,408	\$35,990	\$47,221	\$24,314	\$21,261	\$32,725
19	\$44,645	\$17,416	\$24,535	\$25,158	\$13,650	\$18,671	\$38,124	\$49,639	\$27,307	\$22,986	\$36,096
20	\$46,896	\$19,459	\$27,038	\$26,360	\$15,598	\$20,156	\$39,696	\$51,011	\$30,675	\$23,889	\$38,465
21	\$51,667	\$20,928	\$29,583	\$27,709	\$16,920	\$24,798	\$42,076	\$54,357	\$32,997	\$26,359	\$41,612
22	\$60,639	\$23,074	\$30,706	\$30,042	\$19,842	\$31,886	\$43,462	\$58,158	\$34,589	\$29,403	\$43,007
23	\$115,862	\$25,199	\$33,132	\$32,016	\$21,940	\$34,923	\$44,878	\$60,571	\$36,289	\$30,891	\$44,892
24		\$26,065	\$35,787	\$33,520	\$24,390	\$37,326	\$46,730	\$63,628	\$40,021	\$31,699	\$49,707
25		\$28,011	\$37,728	\$36,343	\$29,204	\$40,731	\$50,091	\$66,190	\$43,593	\$32,926	\$54,544
26		\$30,254	\$39,182	\$38,828	\$32,827	\$44,264	\$51,182	\$70,113	\$46,577	\$34,988	\$59,385
27		\$33,513	\$41,920	\$39,987	\$36,698	\$46,931	\$54,341	\$73,602	\$49,529	\$36,738	\$62,549
28		\$35,756	\$46,460	\$43,768	\$40,401	\$53,748	\$60,043	\$78,736	\$55,223	\$38,553	\$66,087
29		\$38,779	\$48,079	\$47,359	\$42,559	\$57,314	\$64,349	\$83,083	\$61,088	\$41,119	\$72,111
30		\$41,718	\$49,586	\$50,332	\$49,121	\$61,372	\$68,598	\$92,101	\$72,514	\$43,033	\$73,778
31		\$43,313	\$51,759	\$53,142	\$53,403	\$66,004	\$70,613	\$113,373	\$79,303	\$46,304	\$81,071
32		\$46,108	\$54,188	\$54,992	\$59,335	\$72,766	\$75,240	\$136,104	\$93,611	\$53,378	\$87,260
33		\$49,449	\$55,382	\$57,102	\$65,588	\$78,054	\$79,942	\$213,920	\$115,092	\$55,542	\$91,865
34		\$51,018	\$58,464	\$60,323	\$67,804	\$82,435	\$87,365			\$58,047	\$99,562
35		\$55,234	\$60,473	\$63,276	\$71,307	\$85,654	\$95,981			\$60,123	\$107,517
36		\$59,917	\$64,348	\$72,997	\$75,420	\$89,454	\$102,297			\$65,761	\$120,854
37		\$66,425	\$67,847	\$78,189	\$84,139	\$97,073	\$123,626			\$69,532	\$131,402
38		\$80,543	\$72,299	\$82,557	\$92,978	\$127,772	\$206,210			\$73,503	\$147,821
39		\$89,158	\$80,505	\$84,935	\$97,303	\$147,682				\$90,089	\$160,278
40		\$103,909	\$86,131	\$91,760	\$112,664	\$288,932				\$130,844	\$167,327
41		\$116,568	\$102,073	\$100,270	\$209,246						\$194,520
42		\$172,867	\$111,343	\$110,265							
43			\$123,691	\$134,269							
44			\$150,126	\$207,825							

Each group represents the average gross earnings of four individuals; however, when the total number of permit holders with landings in the fishery is not divisible by four, the number of individuals in Group 1 will be represented by five to seven individuals.

Table 13. Quantile Gross Earnings for Single and Stacked Permit Operations
In the Kodiak Salmon Set Gillnet Fishery, 2008-2010

Group	Single Permit Operations			Stacked Permit Operations		
	2008	2009	2010	2008	2009	2010
1	\$1,141	\$2,094	\$1,553	\$24,338	\$11,037	\$2,685
2	\$2,213	\$5,062	\$2,536	\$49,466	\$29,956	\$14,248
3	\$3,273	\$7,019	\$3,808	\$68,404	\$48,066	\$22,925
4	\$4,392	\$8,648	\$4,939	\$88,968	\$60,267	\$30,985
5	\$6,209	\$10,051	\$5,703	\$124,873	\$69,779	\$41,106
6	\$9,125	\$14,049	\$7,404		\$78,231	\$49,467
7	\$11,302	\$19,261	\$9,144		\$92,043	\$62,177
8	\$13,061	\$23,112	\$10,351		\$115,781	\$77,135
9	\$18,391	\$27,113	\$13,088		\$207,677	\$89,938
10	\$22,646	\$31,029	\$14,558			\$115,092
11	\$24,911	\$35,702	\$16,936			
12	\$26,123	\$40,999	\$19,678			
13	\$27,637	\$44,612	\$21,874			
14	\$29,047	\$46,551	\$24,526			
15	\$30,329	\$48,294	\$28,196			
16	\$32,461	\$50,718	\$31,568			
17	\$37,214	\$54,142	\$34,525			
18	\$38,982	\$58,623	\$36,315			
19	\$41,515	\$63,467	\$42,822			
20	\$43,462	\$66,952	\$47,116			
21	\$44,978	\$73,971	\$55,160			
22	\$49,533	\$83,624	\$76,513			
23	\$50,940	\$139,164				
24	\$52,994					
25	\$59,562					
26	\$66,361					
27	\$70,012					
28	\$73,812					
29	\$83,222					
30	\$91,457					
31	\$110,721					
32	\$196,180					

Each group represents the average gross earnings of four individuals; however, when the total number of permit holders with landings in the fishery is not divisible by four, the number of individuals in Group 1 will be represented by five to seven individuals.