

HOUSE BILL REPORT

2SHB 1887

As Passed House:

March 13, 2003

Title: An act relating to commercial fisheries.

Brief Description: Creating the commercial fisheries permit buyback account.

Sponsors: By House Committee on Appropriations (originally sponsored by Representatives Linville, Sump, Cooper, Buck and Hatfield).

Brief History:

Committee Activity:

Fisheries, Ecology & Parks: 2/25/03 [DPS];

Appropriations: 3/5/03, 3/6/03 [DP2S(w/o sub FEP)].

Floor Activity:

Passed House: 3/13/03, 96-0.

Brief Summary of Second Substitute Bill

- Authorizes the Fish and Wildlife Commission to establish a fee on three fisheries, with all revenue generated directed to be used for reimbursing the federal government for a fleet reduction permit buyback program.
- Creates the non-appropriated Commercial Fisheries Permit Buyback Account.
- Repeals the requirement that the Department of Fish and Wildlife maintain a maximum of 175 coastal crab licenses.

HOUSE COMMITTEE ON FISHERIES, ECOLOGY & PARKS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Cooper, Chair; Berkey, Vice Chair; Sump, Ranking Minority Member; Hinkle, Assistant Ranking Minority Member; Buck, Hatfield, O'Brien, Pearson and Upthegrove.

Staff: Jason Callahan (786-7117).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Fisheries, Ecology & Parks. Signed by 24 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Buck, Clements, Cody, Conway, Cox, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McDonald, McIntire, Miloscia, Pflug, Ruderman, Schual-Berke, Sump and Talcott.

Staff: Patricia Linehan (786-7178).

Background:

The Department of Fish and Wildlife (DFW) manages most commercial fisheries in Washington and issues commercial fishing licenses. Many fisheries are closed fisheries, meaning that the number of licenses issued for that fishery is capped at a set number. These fisheries include the coastal Dungeness crab fishery and the ocean pink shrimp fishery.

In order to receive a crab-coastal or ocean pink shrimp fishery license, a fisher must demonstrate that he or she met certain criteria relating to historic harvest levels. The license is, however, transferrable to another fisher that does not meet the defined criteria for license issuance.

If less than 175 fishers are eligible for a crab-coastal license, the DFW may issue new licenses until a total of 175 licenses have been issued. The DFW must adopt rules for the notification, selection, and issuance of any new licenses.

Occasionally the federal government undertakes efforts to reduce the size of the fleets operating in certain fisheries by purchasing individual fishing licenses. This year the United States Congress has decided to do this for the groundfish, Dungeness crab, and pink shrimp fisheries in Washington, Oregon, and California. Interested fishers will have the opportunity to offer a bid to have their licenses purchased by the federal government. The buyback program was funded with a 30-year loan that is designed to be repaid by the remaining fishers in the fleet.

Summary of Second Substitute Bill:

If the federal government creates a groundfish fleet reduction buyback program, the Fish and Wildlife Commission (Commission) is authorized to collect a fee from commercial fishers holding an ocean pink shrimp license or a coastal Dungeness crab license. The Commission may establish the fee amount through administrative rule, and all fees collected must be used to reimburse the federal government for the permit buyback program. The set fee may not be more than is necessary for federal reimbursement, but may not be greater than 2 percent of annual landings for crab fishers or more than 5

percent of annual landings for all other fleets. If any crab fisher participates in the federal buyback program, he or she may not be issued a new commercial crab license for 10 years, as long as Oregon and California institutes a similar prohibition. The fee established by the Commission expires in 2033, unless the federal buyback program is completed sooner.

The statutory provision that requires the DFW to maintain a maximum of 175 coastal crab licenses is repealed.

The non-appropriated Commercial Fisheries Buyback Account is created to hold any fees until they are distributed to the federal government. Once the federal government has been reimbursed, the Account may be used for other fleet reduction efforts.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: (Fisheries, Ecology & Parks) (In support) The federal process underlying this bill has been underway since 1996, and Congress has just recently appropriated \$10 million to be added to private industry funding for a West Coast groundfish license buyback program. This bill creates the necessary mechanism for the state to collect the fees that are needed to reimburse the federal government.

Overcapitalization of the fishery is the number one problem facing the West Coast groundfish fleet. The bill benefits Washington's resources, while providing an equitable solution to the fishing industry.

(With concerns) Limiting Washington from issuing licenses to individuals who sell their crab license to the federal government will only prohibit the landing and processing of crabs in Washington. If these fishers can still get licenses in California and Oregon, then those states will enjoy the economic rewards.

Testimony For: (Appropriations) Issues have been worked out between the Department of Fish and Wildlife and the industry. A possible amendment could be offered to lessen the burden on the processors who would collect the fees. The commercial fishing industries have agreed to pay \$50 million dollars to reduce the ground fish fleet, and the President has just signed the Appropriations Bill that will provide \$10 million dollars to get the program started.

Testimony Against: (Fisheries, Ecology & Parks) None.

Testimony Against: (Appropriations) None.

Testified: (Fisheries, Ecology & Parks) (In support) Ed Owens, Coalition of Coastal Fisheries;

(With concerns) Phil Anderson, Department of Fish and Wildlife

Testified: (Appropriations) Ed Owens, Coalition of Coastal Fisheries; and Morris Barker, Department of Fish and Wildlife.