

HOUSE BILL REPORT

ESSB 6047

*As Reported By House Committee on:
Fisheries & Wildlife*

Title: An act relating to commercial salmon licenses.

Brief Description: Changing the requirements of commercial salmon licenses.

Sponsor(s): Senate Committee on Environment & Natural Resources (originally sponsored by Senator L. Smith).

Brief History:

Reported by House Committee on:
Fisheries & Wildlife, February 28, 1992, DPA.

**HOUSE COMMITTEE ON
FISHERIES & WILDLIFE**

Majority Report: *Do pass as amended.* Signed by 8 members: Representatives R. King, Chair; Morris, Vice Chair; Basich; G. Cole; Haugen; Hochstatter; Orr; and Spanel.

Staff: Keitlyn Watson (786-7310).

Background:

COMMERCIAL LICENSES

Types of Commercial Salmon Licenses

The types of commercial salmon licenses issued by the Department of Fisheries are troll, Puget Sound purse seine, Puget Sound gillnet, Puget Sound reef net, Gray's Harbor/Columbia River gillnet, Willapa Harbor/Columbia River gillnet, and charterboat.

SSB 5501

SSB 5501 passed into law during the 1991 legislative session. The bill required the Department of Fisheries to determine the optimum number of commercial salmon licenses for each existing gear type and licensing area and the best means for attaining that number. The department was directed to report to the Legislature by December 1, 1991. The department issued its final report in November 1991.

The department's recommendations on optimum numbers of licenses compared to the numbers of licenses issued in each licensing category in 1990 are:

<u>Type of License</u>	<u>Optimum License Numbers</u>	<u>1990 Licenses Issued</u>
- Salmon Troll	100 licenses	1128 licenses
- Columbia River/ Willapa Harbor/ Grays Harbor gill net	200 licenses	1040 licenses
- Puget Sound gill net	250 licenses	1146 licenses
- Puget Sound purse seine	100 licenses	337 licenses
- Reef Net	50 licenses	50 licenses
- Salmon Charterboats, Ocean and Puget Sound	180 licenses	270 licenses

Northwest Power Planning Council's Leaseback Recommendation

The Northwest Power Planning Council, in response to proposed endangered species listings on the Columbia River, proposed a reduction in harvest of fall chinook in the Columbia River. Part of the mechanism for accomplishing this will be by providing for a temporary commercial license leaseback program. The federal government will assist in paying to temporarily lease back commercial fishing licenses in order to reduce overall harvest. Current Washington law requires that a commercial fisher, in order to renew a salmon license, catch one fish. The director of the Department of Fisheries has the authority to waive this requirement if the fisher has not had the opportunity to catch fish, such as would occur if a fisher participated in the leaseback program.

COMMODITY COMMISSION

Agricultural commodity commissions or boards are producer-controlled organizations designed to improve the market for a particular agricultural commodity. Funding for activities of these boards or commissions is derived from mandatory assessments on the specific product or products for which they are formed. They have become popular in solving particular industry problems. Some of their popularity is based on the theory that every producer benefits in proportion to the amount of product he or she markets.

History

In 1937, the Legislature established the Washington State Apple Advertising Commission. Shortly thereafter, the Dairy Commission and Fruit Commission were established in statute. In 1954, grange organizations asked the Legislature to authorize farmers to form commissions under rules set by the Department of Agriculture. In 1955, the Agricultural Enabling Act was passed, which authorized the formation of commodity commissions for the purpose of marketing agricultural products, and which gave rise to a number of commissions. In 1961, another Agricultural Enabling Act was passed authorizing commodity boards, which are directly accountable to the Department of Agriculture.

Washington currently has 22 commodity commissions that affect over 29 different crops and most of the cattle. The total value of the farm products affected is over 80 percent of the total for the state. In 1991, commodity commissions raised over \$40 million for one or more of the following kinds of programs: advertising and promotion, production and marketing research, improvements of grades and standards, investigation of unfair trade practices, and education.

Commissions or Boards

In statute, a commodity commission is provided with more autonomy than a commodity board. Decisions of a commodity board may be rejected by the Department of Agriculture, whose representative on the board has the power to approve or disapprove every order, rule or directive issued by the board. In practice, the commission and boards function in much the same way.

Procedures for Establishing a Commission or Board

In general, producers who wish to form a commodity commission or board petition the Department of Agriculture to issue a marketing order. The marketing order specifies which types of crops and areas in which producers operate should be included in the order, and, through a formal public process involving potentially affected producers, determine by referendum whether a majority of respondents to the referendum agree to the formation of a commission or board. Commission or board funding is generated by an assessment on product value.

Purposes of Marketing Orders

In general, a marketing order for a commodity commission or board may be made for:

- (1) advertising, sales promotion, and market expansion,
- (2) research,
- (3) improving standards and grades, or
- (4) preventing unfair trade practices.

Under current law, the enhancement of the commodity itself is not explicitly included in the list of purposes for which the commissions or boards are created.

Definitions of Agricultural Commodity and Producer

An agricultural commodity, for the purposes of forming a commission or board, is defined in statute as any animal or any distinctive type of agricultural, horticultural, viticultural, vegetable, and/or animal product, including, but not limited to, products qualifying as organic food products and private sector cultured aquatic products and other fish and fish products, within its natural or processed state, including bees and honey and Christmas trees but not including timber or timber products.

A producer is defined in statute as any person engaged in the business of producing or causing to be produced for market in commercial quantities any agricultural commodity.

Summary of Amended Bill:

The Legislature recognizes that a study on commercial license optimization was conducted pursuant to direction in SSB 5501, passed in 1991, and that the study results recommend a reduction in the numbers of commercial salmon licenses. The Legislature believes that those affected by the economics of the industry should participate in planning and implementing actions designed to achieve economic stability in the commercial salmon industry.

The governor is directed to appoint a task force made up of commercial fishing industry nominees representing the salmon troll industry, the Columbia River/Willapa Bay gill net industry, the Columbia River/Grays Harbor gill net industry, and Puget Sound gill net industry, and the Puget Sound purse seine industry (two members each) and the reef net industry (one member). One additional member shall be appointed who depends upon commercial fishing for only a portion of his or her livelihood. The purpose of the task force shall be to address the issue of economic stability in the commercial salmon industry. The Department of Fisheries shall provide assistance requested by the task force. The task force shall provide a progress report to the Legislature by January 1993, and a plan to achieve economic stability by January 31, 1994. The task force shall determine the optimum number of licenses in each fishery by gear group and shall develop a plan to achieve that number within a

specified time schedule. The charter boat industry shall not be included in the plan or the task force.

The director of the Department of Fisheries shall waive commercial landing requirements for renewal of commercial salmon licenses in cases where the Northwest Power Planning Council conducts a temporary leasing of a commercial salmon fishing license. The director shall also waive the landing requirement for commercial salmon license renewal where the director does not provide adequate commercial salmon fishing opportunity.

The definition of agricultural commodity in existing law pertaining to commodity commissions is expanded to include commercially harvested salmon. The definition of producer in existing law pertaining to commodity commissions is expanded to include commercial harvesters and processors of salmon harvested in the waters of the state of Washington or pursuant to a commercial fishing license issued by the state of Washington.

Washington commercial salmon producers that elect to form a commodity commission are authorized, once the commission is established according to the Department of Agriculture's procedures, to expend commission funds for and engage in salmon habitat restoration and improvement, lost fishing net recovery, salmon production work, paying interns to work for the Department of Fisheries, any other purpose that advances or benefits the Washington salmon resource, and soliciting and expending grant funds from private and governmental sources for these activities.

Amended Bill Compared to Engrossed Substitute Bill:

The language in the findings section of the engrossed substitute bill that requires implementation of the findings of the commercial salmon license study pursuant to legislative direction in SSB 5501 is removed and is replaced with a finding that the study took place and that the commercial salmon fishing industry should be involved in planning and implementation of actions designed to achieve economic stability in the industry.

The statutory requirement that task force findings be made a condition of license renewal is removed. The amendment reduces the representation from the reef net industry from two members to one. The amendment requires the governor to appoint task force members, and adds a member who fishes part-time. The Department of Trade and Economic Development is removed as a facilitator of the task force. The deadline for the final plan is extended from January 1993 to January 31, 1994. A progress report requirement is added, to be

submitted by January 31, 1993. Requirements for the task force that include license reduction recommendations are removed. The amendment adds a provision that the director of the Department of Fisheries shall waive the landing requirement for commercial salmon license renewal where the director does not provide adequate commercial salmon fishing opportunity.

The amendment adds these provisions relating to commodity commissions: the definition of agricultural commodity in existing law pertaining to commodity commissions is expanded to include commercially harvested salmon; and, the definition of producer in existing law pertaining to commodity commissions is expanded to include commercial harvesters and processors of salmon harvested in the waters of the state of Washington or pursuant to a commercial fishing license issued by the state of Washington.

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Fiscal Note: Requested February 28, 1992.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: (invited testimony on striking amendment): The Department of Fisheries' study was flawed, and this amendment will allow another look at the issue. (on HB 2275, which was adopted as an amendment to the striking amendment): The industry needs this to improve marketing capability.

Testimony Against: (invited testimony on striking amendment): This amendment says that the year of work that was put into the Department of Fisheries study was wasted. Something needs to be urgently done now. (on HB 2275, which was adopted as an amendment to the striking amendment): None.

Witnesses: (invited testimony on striking amendment): Dick Smythe, The Recreational Coalition (opposed); Ed Owens, Washington Deep Sea Fishing Coalition. (on HB 2275, which was adopted as an amendment to the striking amendment) Don

Stuart, Salmon for Washington (in favor); Doug Fricke, Salmon Advisory Council (in favor); Rob Zuanich, Purse Seine Vessel Owners Association (in favor); Randy Ray (Pacific Seafood Processor's Association (in favor); and Chuck Williams, Salmon for All (in favor).