

## **Appendix B: Socioeconomic Considerations in the Scallop Fishery Off Alaska**

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### **A.1 Introduction**

This appendix provides an update of current economic status of landings, value, and port and fishery dependent community information. The previous full Scallop SAFE report (NPFMC 2024) provided extensive information on the history of the fishery, historical landings and value, permit ownership, and community dependence in order to identify factors that have contributed to major changes in the Alaska scallop fishery over time. The 2024 Scallop SAFE report is incorporated here by **reference** for historical perspective. This appendix is intended to provide a current situation report under the Alaska scallop License Limitation (LLP) program and the subsequent Alaska Scallop Association cooperative formation and does not repeat the historical information. Thus, this analysis is limited to landings, price, value, and permit ownership. Every effort has been made to utilize data submissions from industry regarding permit ownership and average annual first wholesale prices (no longer provided by the State of Alaska) to highlight current economic conditions in the fishery.

The following overview of the management history of the fishery is largely excerpted from information presented in Appendix A of the current Scallop Fishery Management Plan (NPFMC, 2009) and incorporates that discussion and information sources identified in that discussion here by reference.

### **A2 Current Management of the Alaska Weathervane Scallop Fishery**

Due to an unregulated harvest event, federal waters in the Exclusive Economic Zone (EEZ) were closed to scallop fishing by emergency rule on February 23, 1995. The initial emergency rule was in effect through May 30, 1995, and was extended for an additional 90 days through August 28, 1995. The intent of the emergency rule was to control the unregulated scallop fishery in federal waters until an FMP could be implemented to close the fishery. Prior to August 28, NPFMC submitted a proposed FMP which closed scallop fishing in the EEZ for a maximum of one year with an expiration date of August 28, 1996. The final rule implementing Amendment 1 to the FMP was filed July 18, 1996 and published in the Federal Register on July 23, 1996. It became effective August 1, 1996, allowing the weathervane scallop fishery to reopen in the EEZ. Scallop fishing in state waters of the Westward Region was delayed until August 1, 1996 to coincide with the opening of the EEZ. The state continued as the active manager of the fishery with in-season actions duplicated by the federal system.

In March 1997, NPFMC approved Amendment 2, a vessel moratorium under which 18 vessels qualified for federal moratorium permits to fish weathervane scallops in federal waters off Alaska. By February 1999, the Council recommended replacing the federal moratorium program with a Federal License Limitation Program (LLP), which became Amendment 4 to the FMP (NPFMC 1999). The Council's goal was to reduce capacity to approach a sustainable fishery with maximum net benefits to the Nation, as required by the Magnuson-Stevens Act. These changes ushered in a new era in the scallop fishery off Alaska. The successes of the early exploratory years had now necessitated stock and effort management measures and capacity reduction.

NPFMC's preferred alternative for Amendment 4 created a total of nine licenses with no area endorsements; each vessel is permitted to fish statewide. However, vessels that fished exclusively in the Cook Inlet Registration Area where a single 6-foot dredge was the legal gear type during the qualifying period were also limited to fishing a single 6-foot dredge in federal waters outside Cook Inlet. The NPFMC later modified the gear restriction in Amendment 10 to allow these vessels to fish 2 dredges with a combined maximum width of 20 feet (NPFMC 2005).

Amendment 10 was approved on June 22, 2005. NMFS published final regulations on July 11, 2005, which were effective August 10, 2005. NMFS implemented Amendment 10 by reissuing the two LLP licenses with the larger gear restriction.

In 1997, the Alaska legislature approved legislation (AS 16.43.906) establishing a scallop vessel moratorium in state waters. In 2001, the legislature authorized a 3-year extension of the moratorium set to expire July 1, 2004. During the 2002 legislative session, passage of CSHB206 resulted in significant changes to the state's limited entry statutes. The changes authorized use of a vessel-based limited entry program in the weathervane scallop and hair crab fisheries. However, the program had a sunset provision. Under AS 16.43.450-520, the vessel permit system was set to expire on December 30, 2008 unless statutory authority was extended. Introduced in the 25th Alaska Legislature in January 2007, House Bill 16 would have extended the existing vessel permit system until December 30, 2013. House Bill 16 became locked in committee. It was offered up under Senate Bill 254, where it passed through the legislative process and was signed into law on June 5, 2008. The State's vessel-based limited entry program for weathervane scallops did expire on December 30, 2013.

In January 2014, the Board of Fisheries implemented a new State-Waters Weathervane Scallop Management Plan (5 AAC 38.078) that delineates additional tools needed to manage open-access weathervane scallop fisheries in waters of Alaska. The management plan applies to the Yakutat, Prince William Sound, Kodiak, and Dutch Harbor scallop registration areas, which all have scallop beds that span both state and federal waters. The new management plan is in addition to the existing Alaska Scallop Fishery Management Plan (5 AAC 38.076) that establishes registration, reporting, gear, and observer coverage requirements.

The state-waters management plan allows the department to manage scallop beds in waters of Alaska separately from beds in adjacent federal waters if effort increases in the open-access state-waters fishery. The plan defines the scallop vessel registration year (April 1 – March 31) and establishes an annual preseason registration deadline of April 1. It also requires a registered scallop vessel to have onboard an activated vessel monitoring system, permits the department to establish trip limits, and allows for separate registrations for state and federal-waters fishing. The additional management measures are necessary to prevent overharvest of the weathervane scallop resource during an open-access fishery.

In 2014, eight vessels acquired state open-access permits. None of these vessels fished for scallops, however. Information provided at the 2015 Scallop Plan Team meeting indicated that these vessels may not have fished due to the cost of carrying observers and/or a lack of needed scallop harvesting gear. In the years since, several vessel owners have obtained scallop permits but to date, none have participated in the fishery.

### **A3 License Limitation Program Permit Ownership, Consolidation, and Current Participation**

In 2000 a group of six of the LLP holders, who traditionally have fished in the statewide fishery outside the Cook Inlet registration area, formed a voluntary marketing cooperative (NPFMC 2005). The cooperative members agreed to reduce harvesting capacity and entered into revenue sharing agreements with members who agreed to not use their vessel(s).

While the cooperative initially limited effort by using revenue sharing to compensate owners of unused vessels, a more permanent effort reduction began to take place in 2002. It is important to understand that Federal Alaska Scallop LLP permits are not directly associated with a specific vessel. The only vessel requirement on the LLP permit is that it cannot be used on any vessel larger than the MLOA assigned to the LLP. Further restrictions are that no more than two LLPs may be held by one individual.

In contrast, the Alaska Commercial Fisheries Entry Commission (CFEC) Limited Entry Scallop permit, which was allowed to sunset in 2014 and no longer exists, was specifically attached to a vessel. Thus, through 2013, to fish in both Federal and State waters, one had to have a Federal LLP and would need to use the actual vessel assigned the CFEC Limited Entry permit if also fishing in State waters. However, if one wanted to fish only in Federal waters, they could use any vessel so long as it was under the MLOA of that LLP and was not an American Fisheries Act (AFA) vessel (sideboarded by State statute). Alternatively, if an individual or entity were to purchase a Federal LLP, they would not be required to actually fish the LLP, nor would they then have need of a CFEC Limited Entry licensed vessel.

Starting in 2002, the members of the cooperative wishing to remain in the fishery formed several Alaska corporations with shared ownership, purchased the interest of those who no longer wished to remain in the fishery, and consolidated operations on three vessels. There was one additional original cooperative member, Forum Star Inc. The vessel Forum Star was an AFA eligible vessel and has been permitted as such since 2000. Under Amendment 8 to the FMP authority was delegated to the State of Alaska to set an AFA sideboard in the scallop fishery. The State set a limit of approximately 35,000 pounds (Barnhart, 2006) at present stock levels, on that vessel making its active participation in scalloping likely not profitable.

Table A1 provides a summary of current LLP ownership by Alaska Scallop Association members and the one independent permit holder, EWT LLC. A review of Alaska and Washington corporate records, which are confidential with regard to percent of ownership, appears to show that no single corporation or individual owns more than 1.1 LLPs, thus being in compliance with the two permit stacking limit.

**Table A1 Alaska Scallop License Limitation Permit Holders, 2026**

Original LLP	LLP Holder	MLOA	Cooperative Member	Vessel
2	AMERICAN SEAFOODS CO LLC.	97'	Yes	none
3	ARCTIC HUNTER LLC	75'	Yes	Polar Sea
4	PROVIDER FISHERIES LLC	79'	Yes	Provider
5	ARCTIC HUNTER LLC	102'	Yes	Polar Sea
6	EWT LLC	70'	Unknown	unknown
7	OCEAN FISHERIES LLC	101'	Yes	Ocean Hunter
8	PROVIDER FISHERIES LLC	124'	Yes	Provider
9	OCEAN FISHERIES LLC	95'	Yes	Ocean Hunter
10	ALASKA SCALLOP FISHERIES LLC	96'	Yes	none

#### **A4 Economic Performance in the LLP Fishery**

Vessel participation in this fishery has declined since the late 1990s due to the Federal LLP and formation of the Alaska Scallop Association ownership cooperative. The Federal LLP limits the participation to 9 permit holders. In the early 2000s as many as 8 vessels have participated; however, since 2016 two cooperative associated vessels have participated each season

In the past, the statewide scallop price has been provided by the Alaska Department of Revenue (ADOR), Division of Taxation, and is an average of all the reported annual State fish tax revenue collected from all participants in the scallop fishery as reported on Commercial Operators Annual Report submissions. However, since 2016, the participation in the fishery has been two vessels each season and that does not allow the State of Alaska to report the scallop prices due to confidentiality. Industry has voluntarily provided an estimated annual average first wholesale price; however, there is no independent verification

of that price and so we report seasonal total value here simply as an estimate of landed pounds of shucked meats multiplied by the industry provided price estimate. In the 2024-25 season that landed value was \$4,016,959 and in the 2025-26 season it is reportedly \$5,134,119, which is the highest nominal value observed in the past decade (Jim Stone, 2026).

Historical variability in Alaska scallop prices is likely due to market factors that are driven by the much larger U.S. east coast sea scallop fishery, as well as by import markets. However, in recent years, the Alaska Scallop Association has made considerable progress in its marketing efforts and has been able to maintain relatively high prices it receives for the scallops landed by the two vessels that are associated with the cooperative (NPFMC, 2024).

### **Port of Landing and Impacts on Communities**

At the present time all Alaska scallop harvests are landed in ports within Alaska. However, during the 2020-21 fishery one scallop vessel transited from Seattle to the fishing grounds and back to offload at Fishermen's Terminal in Seattle due to Covid 19 quarantine (pers. Comm, Jim Stone, via e-mail February 25, 2022). The vessels that fish within the Alaska Scallop Association make landings of frozen product in several ports including, but not limited to, Dutch Harbor, Kodiak, Yakutat, Juneau, and Sitka (pers. comm, Jim Stone, February 2022). Given that these landings are often made by a single vessel in a port, these landings would normally be confidential; however, Amendment 4 included provisions for confidentiality waivers for LLP holders. Furthermore, there is no economic data collection program in place to collect vessel expenditure data while vessels, and crew, are in port. Unfortunately, the limits of confidentiality and limited expenditure data make it difficult to establish the potential importance of this fishery to dependent communities.

Recent landings data shows that 15 or fewer total landings have occurred in each year, and they have occurred primarily in Kodiak, Dutch Harbor, and Yakutat. Kodiak is presently receiving a majority of the landings (ADF&G 2026). With the installation of a new 600-ton Marine Travelift, virtually all maintenance and repair work is now done in Kodiak (Stone, Jim, public testimony at the 2018 Scallop Plan Team meeting February 2018). Thus, at present, all landings of Alaska scallops are made in Alaska ports, all vessels presently operating in the fishery are home ported in Kodiak, Alaska, and the Port of Kodiak is able to provide the necessary facilities for haul out, repair, and annual maintenance that these vessels require.

Scallop harvests are taxed in different ways depending on where they are caught and on where they are landed. Scallops caught in State of Alaska waters are subject to the Fishery Business Tax, while scallops caught in Federal waters of the Exclusive Economic Zone are subject to the Resource Landings Tax. The Alaska Department of Revenue requires scallop-fishing entities to record both where scallops were harvested as well as where they were landed. Additionally, there are local taxes, such as Kodiak's Natural Resources Severance tax for fish products harvested within the Kodiak borough. These local taxes vary by community. Tax data for this fishery is not available due to confidentiality.

All of the vessels that participate in this fishery, at present, are homeported in Alaska ports and, as discussed above, pay both Alaska Business taxes and Resource Landings taxes and any applicable local taxes in landing ports and their home port (e.g. sales tax). From 2017-2025 the two vessels fishing made between 8 and 17 landings per year in ports of Yakutat, Homer, Kodiak and Dutch Harbor.

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