

# License Reduction Program for Columbia River/Grays Harbor and Columbia River/Willapa Bay Commercial Salmon Gillnet Licenses

## Frequently Asked Questions

### **How are you defining 'inactive' and 'active' licenses?**

The terms "inactive" and "active" are not defined in the budget proviso language. WDFW is therefore deferring to license status to define inactive and active. As outlined in RCW [77.65.160\(6\)](#) commercial salmon gillnet licenses have the option of renewing, but not activating their license for a given year. This means that the license cannot participate in the fishery during that calendar year, but the license remains valid and eligible for renewal the following year. License holders who have had their license in "waiver" status each full license year since 2019 (meaning the license has been on waiver for the 2019, 2020 and 2021 fishing years) will be considered inactive for the purpose of this program. License holders who have activated their licenses in 2019, 2020 or 2021 will be considered active for the purposes of the program. The Department is only including full license years to determine license status, so the 2022 fishing year will not impact eligibility.

### **How were the price points and program structures for inactive and active decided?**

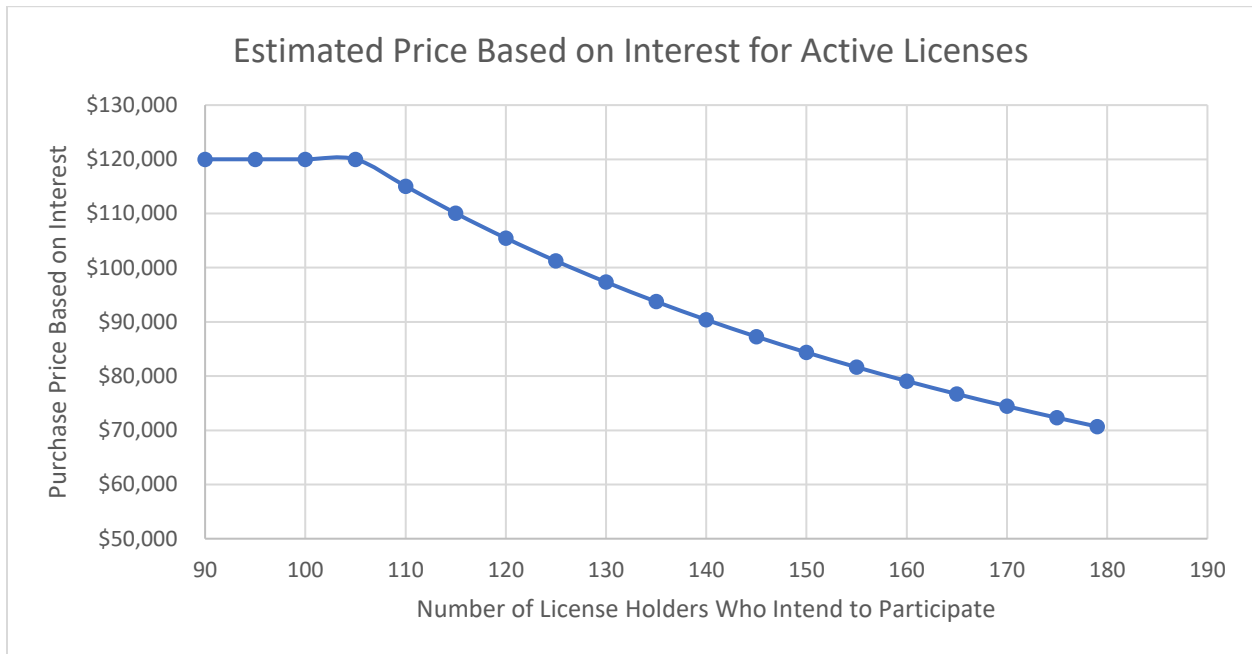
The proviso states that the Department may pay up to \$25,000 for each inactive license and up to \$120,000 for each active license until November 30, 2022. With separate maximum price points, the Department decided to customize the program structure for each group of licenses.

For inactive (on waiver) licenses, a fixed-price program of \$25,000 per license is being offered. The previous WDFW license reduction budget requests proposed a phased approach with an initial focus on latent licenses because of the uncertainty that latent license create in the fishery. Offering the maximum allowable price for inactive licenses provides the strongest incentive possible to encourage inactive license holders to participate in the buyback program. Reducing the latent capacity in the fleet will improve management certainty and reduce the number of inactive licenses that may become activated in the future. Through this buyback program, the agency will purchase back inactive licenses first and will use remaining funds to purchase active licenses.

For active licenses (those in active status at least one year between 2019 and 2021), a more complex program is being offered where the price will be determined based on the number of active license holders who apply. The program is structured to provide opportunity to all interested license holders and distribute funds equally across participants. To achieve this, active license holders will need to submit a Declaration of Intent, and then an Acceptance of License Purchase and Retirement once the price is calculated. Active license holders should only submit a Declaration of Intent if they truly intend to sell their license, as it will impact the final price offered.

The price for active licenses will be determined by dividing the amount of money available (after purchasing all interested inactive licenses), by the number of active license holders who

intend to participate in the program. Below is a graph that shows the estimated purchase price based on the number of active license holders that wish to participate.



**Will there be a second phase of this license reduction program?**

If the funds available for this program are exhausted after implementing the first phase for inactive and active licenses, the program will conclude. If funds remain, the Department will run a second phase of the program before the end of the 2023 fiscal year (June 30, 2023). The proviso states that the Department may pay up to \$20,000 for inactive license holders and up to \$96,000 for active license holders if a second phase is offered. Program structure, terms and price will be determined following the completion of phase one, if sufficient funds are available. The department will notify remaining license holders by January 31, 2023 if a second phase of the program will be offered.

**If I submit an application for the program, can I change my mind later?**

For inactive license holders, the Acceptance of License Purchase and Retirement form is your offer and contract. Once the signed acceptance form is received by the Department, the agreement is final and you may not terminate the agreement or reactivate your license.

For active license holders, the first step is to submit a Declaration of Intent. This initial step to “opt-in” to the program will allow the Department to determine a final price for active licenses, based on the number of license holders that intend to participate. Once the purchase price is established, a formal Acceptance of License Purchase and Retirement will be sent to those who submitted a Declaration of Intent. Once the signed acceptance form is received by the Department, the agreement is final and you may not terminate the agreement or reactivate your license.

**Do I have to submit a Declaration of Intent to sell my active license?**

Yes. Active license holders who are interested in participating in the program must submit a Declaration of Intent by the deadline (September 19, 2022) to be eligible to participate in the program. By submitting a Declaration of Intent, you are not obligated to sell your license; however, it is necessary to secure the option to sell once the price is determined. If you do not submit a Declaration of Intent by the deadline, you are not eligible to participate in this first phase of the program. If there is a second phase of the program in 2023, you will be eligible to participate in that program.

**What if I have more than one license?**

License holders may choose to sell none, one, multiple or all their Columbia River/Willapa Bay or Columbia River/Grays Harbor salmon gillnet licenses. Selling a license under the program does not preclude anyone from continuing to fish with another active license, or a Columbia River limited entry salmon gillnet permit issued by Oregon.

**I fish in Willapa Bay and/or Grays Harbor, can I sell just the Columbia River part of my license?**

No. Given the structure of Columbia River salmon gillnet licenses, fishing privileges are linked for Willapa Bay and Grays Harbor. If you sell your Columbia River/Willapa Bay or Columbia River/Grays Harbor license you will no longer be able to fish in the Columbia River or the respective coastal area.

**If I sell my license, can I buy another one later?**

Individuals who sell a license under this program are not prohibited from purchasing another Columbia River salmon gillnet license, or any other Washington state fishing license for which they are eligible. Licenses purchased under this program will be permanently retired. As a limited-entry fishery, no new licenses will be issued which means that the total number of Columbia River salmon gillnet licenses will be permanently reduced. This may impact the availability and cost of Columbia River salmon gillnet licenses for those who wish to obtain licenses for this fishery in the future.

**If I sell my license what happens to my boat and fishing gear?**

Under this program, the state will purchase your Columbia River/Willapa Bay or Columbia River/Grays Harbor salmon gillnet fishing license only. Vessels and gear are not part of this program, nor does the program place any restrictions on the future use of associated vessels and gear in the Columbia River or other fisheries.

**Can I apply to sell my license and still participate in fall 2022 fisheries?**

Yes. Licenses being sold through the program can be used to fish in Columbia River, Willapa Bay or Grays Harbor fisheries until the license is retired on December 31, 2022. However, licenses will need to be in active status (not currently on waiver) and renewed for the 2022 fishing year to participate in 2022 fisheries. License holders who choose to sell their license in the program but do not wish to participate in 2022 fisheries do not need to renew their license this year.

**Will I have to pay taxes on the money I am given in exchange for my license?**

Depending on your personal situation, the money you receive in exchange for your license may be taxable. You will need to complete and submit a W-9 form along with your application. The Department will issue a 1099-MISC in the amount of your license purchase price for the 2022 tax year.

**If I sell my licenses, will I be eligible for federal disaster relief funds?**

The Governor has submitted a request for a fishery disaster determination to the Secretary of Commerce for 2019 and 2020. These requests are still under review, and it is not known whether these requests will be approved, what compensation might be awarded, and how those programs would be structured. It is unknown whether individuals who participate in this license reduction program would be eligible for disaster relief compensation.

**Will there be another license reduction program in the future?**

The budget proviso states that “It is the intent of the Legislature that this will be the last appropriation made to buy back licenses for the Columbia River gillnet fishery.” While the proviso does not legally prevent future requests for state or federal funding for license reduction, this is an indication that future funding requests may be challenging. It is unlikely that there will be another opportunity to sell back Columbia River commercial gillnet licenses in the near future.

**Do I need a Columbia River salmon gillnet license to participate in alternative gear fisheries?**

Yes. To participate in any of the alternative gear fisheries being explored under the Emerging Commercial Fishery designation, you will need to possess an active Columbia River salmon gillnet license. The rulemaking process is currently underway for the Emerging Commercial Fishery designation. We anticipate offering opportunity in this fishery, as appropriate and allowable, in the 2023 fishing year.

Subsection (c) of the budget proviso directs the agency to prepare a report to the Legislature by December 1, 2022 outlining recommendations and necessary changes to statute, regulation, or funding to accommodate alternative gear fisheries. The Department will consult with relevant agencies and divisions, as well as the emerging commercial fishery work group and other relevant stakeholders to develop this report.

**What changes might I expect in the fishery if I choose to keep my license?**

This license reduction program does not change the management framework outlined in the Columbia River Policy or the process for setting fisheries and managing them in-season through North of Falcon and the Columbia River Compact. Remaining Columbia River salmon gillnet licenses will retain the same privileges and be subject to the same rules that existed prior to the program, notwithstanding any potential redistribution of impacts associated with subsection b of the FY 2023 proviso.

Reducing the number of Columbia River/Willapa Bay and Columbia River/Grays Harbor salmon gillnet licenses may result in substantial changes in the fishery. Outcomes from experimentation with alternative gear, and the any legislative decisions on whether to legalize new gear types in the fishery, may bring additional changes to the fishery in the coming years. There is also the potential for future policy changes in the Columbia River commercial fishery, either through legislative action or Fish and Wildlife Commission Policy.

### **How will the Department approach implementing subsection b?**

Subsection (b) of the proviso states that “for all licenses purchased, the department shall calculate the reduced impacts to wild and endangered stocks based on the most recent five-year average of harvest.” To calculate the impacts associated with licenses purchased through the program, the Department will account for salmon and steelhead impacts associated with landings in the Columbia River (including select areas) for the years 2017 – 2021.

The proviso also instructs the Department to “reserve those impacts for conservation through increased wild salmonid escapement or mark selective fisheries capable of harvesting surplus hatchery-reared salmon where needed to meet federal genetic protection requirements for wild salmon populations in a manner consistent with state-tribal fishery management agreements.” We understand that license holders have expressed concern about the outcomes from this subsection. The Department is still working to determine how any calculated impacts would be utilized, and will need to work with Oregon, tribal and federal partners to evaluate options. Any changes will need to be consistent and compliant with federal laws and processes, state-tribal fishery management agreements and the joint-state management process.

The Department will provide each active license holder with a summary of the landings associated with their license for the 2017-2021 fishing years no later than September 1, 2022. This landings history will be used to calculate the impacts to wild and listed fish in the Columbia River that could be subject to reservation for wild salmonid escapement and/or mark-selective fisheries per subsection b of the proviso.

### **How does this license reduction program relate to the WDFW’s previous work on license reduction?**

The parameters for this voluntary license reduction program were determined by the state Legislature during the 2022 supplemental session, including the overall budget and maximum price limits for inactive and active licenses.

The Department made two previous attempts to secure funding for a license reduction program during the FY 2022 and FY 2023 budget cycles. For FY 2022, \$1 million was requested for a “phase 1” program to purchase inactive licenses through a fixed bid structure. For FY 2023, \$2 million was requested for a two-choice program that would have provided license holders the option of participating via fixed bid or reverse auction. Both programs were intended to be the first phase of a larger, more comprehensive program undertaken jointly with

Oregon. The Department engaged members of the Columbia River commercial fishery in a multi-year effort to scope the two budget requests.

While the Department's license reduction proposals were not successful, the program funded by the legislature reflects a key element of the previous Department requests in that it is an entirely voluntary program. Working within the parameters established by the Legislature, this license reduction program is designed to reduce the overall number of licenses while providing an equitable opportunity for all to participate if they choose.