

## **Economic Impact Assessment Amend Section 27.80 (d), Title 14, CCR**

The Pacific Fishery Management Council (PFMC) coordinates west coast management of recreational and commercial ocean salmon fisheries in the federal fishery management zone (three to 200 miles offshore) along the coasts of Washington, Oregon and California. The annual PFMC ocean salmon regulation recommendations are subsequently implemented by the National Marine Fisheries Service (NMFS) effective on May 1 of each year.

Although the recommendations of the PFMC for the 2015 ocean salmon season are unknown at this time, the Department anticipates that recreational salmon fishing effort will remain within ten percent of the 2014 season. For the purpose of evaluating potential economic impacts of the 2015 ocean salmon regulations, the Commission analyzed possible reductions in ocean salmon recreational effort ranging from zero (no change) to ten percent (see attached calculations worksheet). The following projections cover this expected range.

The base year used for estimating the 2015 economic impacts is the 2013 salmon season, the latest full year of economic data. In 2013, the ocean salmon recreational fishery generated an estimated \$23.7 million (2013 dollars) in total economic output to the State. A ten-percent reduction in the fishery would amount to, at most, a \$2.4 million reduction in total economic output for the State, relative to the 2013 season. As a general rule, for every 5,000 salmon harvested in the ocean recreational fishery, there is approximately \$1.0 million in potential total economic contribution to the State.

### **Effects of the regulation on the creation or elimination of jobs within the State**

Using the 2013 salmon season as a base year for comparison, the California ocean salmon recreational fishery supports an estimated 180 jobs in the State. Generally, for every 5,000 salmon harvested in the ocean recreational fishery, there are approximately 7.3 jobs supported in the State. Three projected fishing activity levels were considered, which entail various levels of restrictions on the ocean salmon recreational fishery, as follows:

- Projection 1. A seasonal level of fishing activity of 150,000 angler days. Relative to the 2013 season's estimated angler activity of 144,000 days, Projection 1 represents a 4-percent incremental increase in angler days. This projected change could result in the creation of 8 jobs in California businesses that support the salmon recreational fishery.
- Projection 2. A seasonal level of fishing activity of 142,500 angler days, or approximately 95-percent of fishing activity in Projection 1. Compared to the 2013 season, this represents a 1-percent incremental reduction in angler days. This projected change could result in the potential loss of 2 jobs to California businesses that support the salmon recreational fishery.

Projection 3. A seasonal level of fishing activity of 135,000 angler days, or approximately 90-percent level of fishing activity in Projection 1. Compared to the 2013 season, this represents a 6-percent incremental reduction in angler days. This projected change could result in a loss of 12 jobs in those California businesses that support the ocean salmon recreational fishery.

(See attached calculations worksheet for details on how employment, wages, economic output for the State of California, and effects on State and local taxes are derived.)

### **Effects of the regulation on the creation of new businesses or the elimination of existing businesses within the State**

The three projections of expected fishing activity represent potential indirect impacts to businesses providing goods and services to the ocean salmon recreational fishermen, as follows.

Projection 1. A seasonal level of fishing activity of 150,000 angler days. Relative to the 2013 season, Projection 1 represents a potential indirect impact to businesses of approximately \$1 million in increased economic output statewide. In the short term, this increase in economic output may induce few businesses to enter the recreational salmon fishing business arena.

Projection 2. A seasonal level of fishing activity of 142,500 angler days, or approximately 95-percent of fishing activity in Projection 1. Relative to the 2013 season, Projection 2 represents a potential indirect impact to businesses of approximately \$.25 million in reduced economic output statewide. This may affect the creation or elimination of businesses in the State in some localized areas that lack industry diversification and have a heavy reliance on recreational fishing and tourism. Many ocean fishing port businesses offer alternative, substitute, fishing resources and activities for salmon anglers.

Projection 3. A seasonal level of fishing activity of 135,000 angler days, or approximately 90-percent of fishing activity in Projection 1. Relative to the 2013 season, Projection 3 represents a potential indirect impact to businesses of approximately \$1.5 million in reduced economic output statewide. This may affect the creation or elimination of businesses in the State in some localized areas that lack industry diversification and have a heavy reliance on recreational fishing and tourism. Many ocean fishing port businesses offer alternative, substitute, fishing resources and activities for salmon anglers.

## **Effects of the regulation on the expansion of businesses currently doing business within the State**

- Projection 1. A seasonal level of fishing activity of 150,000 angler days. Relative to the 2013 season, Projection 1 represents a potential indirect impact to businesses of approximately \$1 million in increased economic output statewide. In the short term, this increase in economic output may induce some businesses to expand their business activities in the recreational salmon fishing arena.
- Projection 2. A seasonal level of fishing activity of 142,500 angler days, or approximately 95-percent of fishing activity in Projection 1. Relative to the 2013 season, Projection 2 represents a potential indirect impact to businesses of approximately \$.25 million in reduced economic output statewide. This may negatively affect investments and expansion by existing businesses in the State.
- Projection 3. A seasonal level of fishing activity of 135,000 angler days, or approximately 90-percent of fishing activity in Projection 1. Relative to the 2013 season, Projection 3 represents a potential indirect impact to businesses of approximately \$1.5 million in reduced economic output statewide. This may affect businesses in the State, offering goods and services to ocean salmon anglers. Offsetting this potential loss to fishing port business communities, are related or substitute fishing resources and recreational activities for anglers. Some level of reduced demand for terminal tackle and equipment used in ocean salmon fishing would likely occur. Any corresponding decrease in sales for businesses selling those goods would not be expected to induce business expansion in the State.

## **Benefits of the regulation to the health and welfare of California residents**

The proposed regulations are to conform to federal fisheries management allowable harvest levels, intended to sustain the fishery for the enjoyment of all California residents.

## **Benefits of the regulation to worker safety**

The proposed regulations are to conform to federal fisheries management allowable harvest levels, and intended to sustain the fishery. As such, the agency is not aware of any consequences to worker safety that could arise from the proposed regulations.

## **Benefits of the regulation to the State's environment**

The proposed regulations comply with Federal law and sustainable management practices designed to safeguard California's ocean salmon resources.

**Other Benefits of the regulation:**

Concurrence with Federal Law: California's sport and commercial ocean salmon fishing regulations need to conform to the new Federal regulations to achieve optimum yield in California. The PFMC annually reviews the status of west coast salmon populations. As part of that process, it recommends west coast adult salmon fisheries regulations aimed at meeting biological and fishery allocation goals specified in law or established in the Salmon Fishery Management Plan. These recommendations coordinate west coast management of sport and commercial ocean salmon fisheries off the coasts of Washington, Oregon, and California and California inland sport salmon fisheries. These recommendations are subsequently implemented as ocean fishing regulations by the NMFS and as sport salmon regulations for State marine and inland waters by the Commission.

Continuation of activities dependent on the salmon fishery: Resource sustainability supports the continuation of activities dependent on the salmon fishery. Maintaining healthy populations of salmon can translate into significant economic contributions to the State: in 2012 recreational ocean salmon activities contributed as much as \$24 million in total economic output, \$9.5 million in wages, and 180 jobs for Californians.

DRAFT

Attachment  
Calculations Worksheet – Tables

Total Projected Economic Contribution Of California's Ocean Salmon Sport Fishery -- Calculations Worksheet and Summary Tables						
Projected Economic Impacts Of 2015 Salmon Fishery To California's Economy						8/7/2014
Calculations Worksheet						
	Number of Salmon Angler Trips (days)	Direct Impact (2013\$)	Final Economic Output Impact (2013\$)	Earnings Impact (2013\$)	Employment (# jobs)	State & Local Taxes (2013\$)
Ocean Salmon Angling						
100% Seasonal Activity Level	150,000	\$ 17,375,000	\$ 24,712,000	\$ 9,850,000	201	\$ 1,794,000
95% Seasonal Activity Level	142,500	\$ 16,507,000	\$ 23,476,000	\$ 9,357,000	191	\$ 1,704,000
90% Seasonal Activity Level	135,000	\$ 15,638,000	\$ 22,240,000	\$ 8,865,000	181	\$ 1,614,000
<b>Economic Multipliers*</b>			1.4222	0.5669	11.5659	0.1032
<p>Note: *Multipliers are derived from MIG IMPLAN economic models for the State of California. All dollar amounts are adjusted to year 2013 prices, denoted as 2013\$, using US Dept of Commerce Implicit Price Deflators for Gross Domestic Product - Table 1.1.9. <a href="http://www.bea.gov/bea/dh/hipaweb/SelectTable.asp?Selected=Y">http://www.bea.gov/bea/dh/hipaweb/SelectTable.asp?Selected=Y</a></p>						
Projected Incremental Change from 2013 Fishing Levels, in Angler Trips						
	Incremental Change in Number of Salmon Angler Trips (days)	Incremental Direct Impact (2013\$)	Incremental Final Economic Output Impact (2013\$)	Incremental Earnings Impact (2013\$)	Incremental Employment Impact (# jobs)	Incremental State & Local Tax Impact (2013\$)
Impact Summary for Projected 2015 Ocean Salmon Angling Levels, Compared to 2013 Levels						
100% Seasonal Activity Level	6,000	\$ 685,000	\$ 988,000	\$ 394,000	8	\$ 72,000
95% Seasonal Activity Level	(1,500)	\$ (174,000)	\$ (247,000)	\$ (98,000)	-2	\$ (18,000)
90% Seasonal Activity Level	(9,000)	\$ (1,043,000)	\$ (1,483,000)	\$ (591,000)	-12	\$ (108,000)