

HOUSE BILL NO. 357

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/25/02
Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act making supplemental and other appropriations; and providing for an effective**
2 **date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** FINDINGS. The legislature finds that

5 (1) Alaska's salmon fishing and visitor industries are vitally important to the
6 state's economy, representing the two largest private sector employers and employing over
7 50,000 Alaskans;

8 (2) competition from worldwide production of farmed salmon is glutting the
9 world salmon markets, causing both severely reduced prices and decreased demand for
10 Alaska salmon;

11 (3) Alaska's salmon industry has suffered run failures and market disruptions
12 in recent years, resulting in several natural and economic disasters since 1977; projections for
13 2002 are that the catch of sockeye salmon in Bristol Bay will be less than 10 million fish,
14 which is less than half the 20-year average and one of the lowest in history;

1 (4) the price paid for Alaska salmon has declined significantly in the past
2 decade, primarily due to the worldwide increase in farmed salmon production; in 2001, the
3 ex-vessel price paid to fishermen for salmon was one of the lowest in history and less than
4 half the average value in the early 1990's, and early season price projections indicate the price
5 will be even lower in 2002;

6 (5) at present, worldwide demand for canned Alaska salmon is down and
7 canned salmon is selling below production cost, causing a worldwide surplus in canned
8 salmon and impacting many processing companies; this will likely result in severe reductions
9 in processor demand for pink and chum salmon in 2002, with processors providing fewer
10 processing jobs, fewer markets for fishermen, and lower ex-vessel prices;

11 (6) Norway spends in excess of \$40 million marketing farmed salmon,
12 including over \$7 million marketing in Japan alone;

13 (7) the September 11, 2001, terrorist attacks on New York and the Pentagon
14 led to a significant disruption of our state and national economies; air traffic was immediately
15 disrupted, insurance liability resulted in significant increases to public and private sector
16 insurance rates, and consumer and business confidence has been severely impacted;

17 (8) the visitor industry was the most severely impacted segment of Alaska's
18 economy as a result of the events of September 11; current 2002 summer bookings for both
19 large and small tourism operators are down, and absent remedial actions to increase the
20 number of visitors to Alaska this summer, many businesses are likely to face employee
21 layoffs and possible bankruptcy;

22 (9) domestic and international travelers are currently seeking travel to places
23 that are perceived as safe; Americans are less likely to travel abroad in 2002 and are more
24 likely to pursue travel within the United States; similarly, international travelers destined for
25 the United States are likely to seek a destination perceived as safe;

26 (10) since the September 11 attacks, other destinations in competition with
27 Alaska have committed tens of millions of public dollars to additional emergency tourism
28 marketing to preserve their destinations' market shares, including \$31 million for the
29 Caribbean, \$15 million for Canada, and \$13 million for Las Vegas; absent additional
30 marketing dollars for Alaska tourism marketing, Alaska's visibility in the eyes of potential
31 travelers will continue to erode;

1 (11) Alaska is uniquely positioned to capitalize on the current worldwide
2 tourism industry condition by offering a travel destination that is both exotic and safe;

3 (12) a one-time infusion of significant financing for salmon and tourism
4 marketing is necessary to avert economic disasters to our tourism and fishing businesses and
5 communities, and will reduce the hardship that will otherwise be suffered by many Alaskans;

6 (13) congressional action on national energy legislation could take place in the
7 first quarter of 2002; Arctic Power, the broad-based coalition of Arctic National Wildlife
8 Refuge oil and gas leasing advocates, must be active in this time frame to carry Alaska's
9 message to America's policymakers; a supplemental appropriation at this time will ensure
10 Arctic Power's vigorous presence in all aspects of the debate.

11 * **Sec. 2. SALMON INDUSTRY ASSISTANCE PACKAGE.** (a) The sum of \$5,000,000
12 is appropriated from the general fund to the Department of Community and Economic
13 Development, Alaska Seafood Marketing Institute, for the fiscal years ending June 30, 2002,
14 and June 30, 2003 for generic salmon marketing.

15 (b) The sum of \$5,000,000 is appropriated from the general fund to the Department of
16 Community and Economic Development for the fiscal years ending June 30, 2002, and
17 June 30, 2003, to implement expanded international salmon niche marketing programs in
18 developing overseas markets, to conduct strategic salmon market analysis, and for grants to
19 develop and support regional salmon niche marketing programs.

20 * **Sec. 3. TOURISM INDUSTRY ASSISTANCE PACKAGE.** (a) The sum of \$9,800,000
21 is appropriated from the general fund to the Department of Community and Economic
22 Development for the fiscal years ending June 30, 2002, and June 30, 2003, for payment of a
23 grant under AS 37.05.316 to the Alaska Travel Industry Association for additional tourism
24 marketing efforts to mitigate the economic impacts to the Alaska tourism industry from the
25 September 11, 2001 terrorist attacks. The amount appropriated in this subsection includes
26 \$250,000 for international tourism marketing.

27 (b) The sum of \$200,000 is appropriated from the general fund to the Department of
28 Transportation and Public Facilities, Alaska marine highway system, for the fiscal years
29 ending June 30, 2002 and June 30, 2003, for additional marketing efforts to mitigate the
30 economic impacts to the Alaska tourism industry from the September 11, 2001 terrorist
31 attacks.

- 1 * **Sec. 4.** GRANT TO ARCTIC POWER. The sum of \$1,000,000 is appropriated from the
2 general fund to the Department of Community and Economic Development for the fiscal
3 years ending June 30, 2002, and June 30, 2003, for payment as a grant under AS 37.05.316 to
4 Arctic Power for educational efforts to open the coastal plain of the Arctic National Wildlife
5 Refuge for oil and gas exploration and development.
- 6 * **Sec. 5.** This Act takes effect immediately under AS 01.10.070(c).