

**CS FOR SENATE BILL NO. 273(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 3/22/04

Referred: Rules

Sponsor(s): SENATOR GARY STEVENS BY REQUEST OF THE JOINT LEGISLATIVE SALMON  
INDUSTRY TASK FORCE

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act amending the size, membership, and powers of the board of directors of the  
2 Alaska Seafood Marketing Institute and making a corresponding change in the quorum  
3 requirement; authorizing the establishment of the seafood marketing assessment at a  
4 rate of 0.5 percent or 0.6 percent of the value of seafood products produced; providing  
5 for an election to retain, terminate, or increase the seafood marketing assessment;  
6 providing for the repeal of the salmon marketing tax and provisions related to the  
7 salmon marketing tax; and providing for an effective date."

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

9 \* **Section 1.** AS 16.43.160(e)(2)(A)(ix) is amended to read:

10 (ix) Department of Revenue - fisheries business tax  
11 program, fishery resource landing tax program, salmon enhancement  
12 tax program, [SALMON MARKETING TAX PROGRAM,] and dive  
13 fishery management assessment program;

1 \* **Sec. 2.** AS 16.51.020(a) is amended to read:

2 (a) The governing body of the institute is a board of directors. The board  
3 consists of **seven** [25] voting members appointed by the governor. In making  
4 appointments to the board, the governor shall consider, but need not appoint, nominees  
5 presented by persons engaged in fish processing, the financing of fish processing, or  
6 commercial fishing.

7 \* **Sec. 3.** AS 16.51.020(a) is amended to read:

8 (a) The governing body of the institute is a board of directors. The board  
9 consists of **nine** [SEVEN] voting members appointed by the governor. In making  
10 appointments to the board, the governor shall consider, but need not appoint, nominees  
11 presented by persons engaged in fish processing, the financing of fish processing, or  
12 commercial fishing.

13 \* **Sec. 4.** AS 16.51.020(b) is amended to read:

14 (b) **Five** [TWELVE] members of the board shall be seafood processors: **four**  
15 [EIGHT] of the seafood processors must have an annual payroll in the state of more  
16 than \$2,500,000; **one** [FOUR] of the seafood processors must have an annual payroll  
17 in the state of \$50,000 - \$2,500,000. **Two** [TWELVE] members of the board must be  
18 engaged in commercial fishing. [THE GOVERNOR, TO THE EXTENT  
19 PRACTICABLE, SHALL APPOINT AS COMMERCIAL FISHING MEMBERS OF  
20 THE BOARD PERSONS ENGAGED IN COMMERCIAL FISHING IN A FISHERY  
21 MANAGEMENT REGION OF THE STATE IN THE SAME PROPORTION THAT  
22 THE REGION CONTRIBUTES, OR IS EXPECTED TO CONTRIBUTE DURING  
23 THE NEXT YEAR, TO THE TOTAL SALMON MARKETING TAX COLLECTED  
24 UNDER AS 43.76.110 - 43.76.130. ONE MEMBER OF THE BOARD SHALL BE A  
25 LAY PERSON SELECTED BY THE GOVERNOR.]

26 \* **Sec. 5.** AS 16.51.020(b) is amended to read:

27 (b) Five members of the board shall be seafood processors: four of the seafood  
28 processors must have an annual payroll in the state of more than \$2,500,000; one of  
29 the seafood processors must have an annual payroll in the state of \$50,000 -  
30 \$2,500,000. **Four** [TWO] members of the board must be engaged in commercial  
31 fishing.

1 \* **Sec. 6.** AS 16.51.050 is amended to read:

2 **Sec. 16.51.050. Quorum. Four** [FOURTEEN] members of the board  
3 appointed under AS 16.51.020 constitute a quorum for the transaction of business and  
4 the exercise of the powers and duties of the board.

5 \* **Sec. 7.** AS 16.51.050 is amended to read:

6 **Sec. 16.51.050. Quorum. Five** [FOUR] members of the board appointed  
7 under AS 16.51.020 constitute a quorum for the transaction of business and the  
8 exercise of the powers and duties of the board.

9 \* **Sec. 8.** AS 16.51.120(a) is amended to read:

10 (a) A seafood marketing assessment shall be levied on the value of seafood  
11 products produced in Alaska as provided in (b), (c), (d), [OR] (e), (h), or (i) of this  
12 section if an election is held under AS 16.51.140 at which the assessment is approved  
13 by eligible processors who together produce at least 51 percent of the value of seafood  
14 products produced in Alaska in the calendar year.

15 \* **Sec. 9.** AS 16.51.120(f) is amended to read:

16 (f) An election under (a) of this section shall be held if the proposed election  
17 for the levying of an assessment under (b), (c), (d), [OR] (e), (h), or (i) of this section  
18 is approved by a majority of the whole membership of the board at a regularly  
19 scheduled meeting.

20 \* **Sec. 10.** AS 16.51.120(g) is amended to read:

21 (g) Notwithstanding (a) - (e), (h), and (i) of this section and AS 16.51.150(c),  
22 a processor is not subject to, or liable for payment of, an assessment under this section  
23 on the value of the seafood products produced in Alaska if the value of seafood  
24 products produced in Alaska by the processor is less than \$50,000 in a calendar year.  
25 This subsection does not exempt a processor from liability for payment of taxes  
26 imposed under AS 43.75 or AS 43.77.

27 \* **Sec. 11.** AS 16.51.120 is amended by adding new subsections to read:

28 (h) Each processor shall pay a seafood marketing assessment of .5 percent of  
29 the value of seafood products produced in Alaska by the processor.

30 (i) Each processor shall pay a seafood marketing assessment of .6 percent of  
31 the value of seafood products produced in Alaska by the processor.

1 \* **Sec. 12.** AS 16.51.130(a) is amended to read:

2 (a) A seafood marketing assessment levied under AS 16.51.120(b), (c), (d),  
3 [OR] (e), **(h), or (i)** shall be terminated by the commissioner of revenue if

4 [(1)] an election is held under AS 16.51.140 in which the termination  
5 is approved by eligible processors who together produce at least 51 percent of the total  
6 value of seafood products produced in Alaska during the calendar year [; OR

7 (2) THE BOARD, AT A REGULARLY SCHEDULED MEETING,  
8 ADOPTS A RESOLUTION APPROVED BY TWO-THIRDS OF THE VOTING  
9 MEMBERSHIP OF THE BOARD REQUESTING THE COMMISSIONER OF  
10 REVENUE TO TERMINATE THE ASSESSMENT].

11 \* **Sec. 13.** AS 16.51.130(b) is amended to read:

12 (b) An election under **(a)** [(a)(1)] of this section shall be held if

13 (1) the proposed election for the termination of the assessment is  
14 approved by a majority of the whole membership of the board at a regularly scheduled  
15 meeting; or

16 (2) a petition is presented to the director of elections requesting  
17 termination of the assessment by eligible processors who together produce at least 25  
18 percent of the total value of seafood products produced in Alaska during the calendar  
19 year.

20 \* **Sec. 14.** AS 16.51.140(b) is amended to read:

21 (b) In conducting the election under this section, the institute shall adopt the  
22 following procedures:

23 (1) the proposed levy or termination of the assessment shall be adopted  
24 at a regularly scheduled meeting of the board held not less than 60 days before the  
25 date on which the ballots must be postmarked to be counted unless the election is for  
26 termination of the assessment and has been initiated by a petition under  
27 AS 16.51.130(b)(2);

28 (2) the institute shall hold at least one meeting, not less than 30 days  
29 before the date on which ballots must be postmarked to be counted, to explain the  
30 reason for the proposed seafood marketing assessment or termination of the  
31 assessment and to explain the voting procedure to be used in the election; the institute

1 shall provide notice of the meeting by

2 (A) mailing the notice to each eligible processor; and

3 (B) publishing the notice in at least one newspaper of general  
4 circulation in each region of the state at least two weeks before the meeting;

5 (3) the institute shall mail ballots to each eligible processor not more  
6 than 45 days before the date specified as the date ballots must be postmarked;

7 (4) the ballot must

8 (A) indicate whether the assessment is to be levied under  
9 AS 16.51.120(b), (c), (d), [OR] (e), (h), or (i) and must state the percentage of  
10 the assessment;

11 (B) indicate the effective date of the levy of the assessment or  
12 termination of the assessment;

13 (C) ask whether the assessment shall be levied or, if the  
14 election is to terminate the assessment, whether the assessment shall be  
15 terminated;

16 (5) the ballots shall be returned by mail and shall be counted by the  
17 director of elections or a representative.

18 \* **Sec. 15.** AS 37.05.146(c)(25) is amended to read:

19 (25) receipts from the seafood marketing assessment under  
20 AS 16.51.120 - 16.51.170 [, THE SALMON MARKETING TAX UNDER  
21 AS 43.76.110 - 43.76.130,] and [OTHER] receipts of the Alaska Seafood Marketing  
22 Institute;

23 \* **Sec. 16.** REPEAL OF SALMON MARKETING TAX. (a) Section 9, ch. 55, SLA 1993,  
24 as amended by sec. 1, ch. 111, SLA 1998, and sec. 3, ch. 136, SLA 2002, is amended to read:

25 Sec. 9. AS 43.76.110, 43.76.120, and 43.76.130 are repealed December 31,  
26 2005 [JUNE 30, 2008].

27 \* **Sec. 17.** REPEAL OF MISCELLANEOUS PROVISIONS RELATED TO THE  
28 SALMON MARKETING TAX. Sections 3, 8(c), and 12, ch. 55, SLA 1993, are repealed.

29 \* **Sec. 18.** The uncodified law of the State of Alaska is amended by adding a new section to  
30 read:

31 TRANSITION FOR MEMBERS OF THE BOARD OF DIRECTORS OF THE

1 ALASKA SEAFOOD MARKETING INSTITUTE. (a) Notwithstanding AS 16.51.030, the  
 2 terms of office of all persons who are serving as members of the board of directors of the  
 3 Alaska Seafood Marketing Institute on the day before the effective date of sec. 2 of this Act  
 4 expire on the effective date of sec. 2 of this Act.

5 (b) The governor shall appoint qualified persons to serve on the board of directors of  
 6 the Alaska Seafood Marketing Institute, as restructured under AS 16.51.020, as amended by  
 7 sec. 2 of this Act, as soon as practicable on or after the effective date of sec. 2 of this Act.  
 8 The governor shall appoint persons to initial terms in accordance with AS 39.05.055(5). To  
 9 the extent possible, the governor shall maintain staggered terms for members of each class of  
 10 board members.

11 \* **Sec. 19.** The uncodified law of the State of Alaska is amended by adding a new section to  
 12 read:

13 APPOINTMENT OF MEMBERS OF THE BOARD OF DIRECTORS OF THE  
 14 ALASKA SEAFOOD MARKETING INSTITUTE FOLLOWING THE ELECTION HELD  
 15 UNDER SECTION 20 OF THIS ACT. The governor shall appoint qualified persons to fill  
 16 the two commercial fishermen memberships created on the board of directors of the Alaska  
 17 Seafood Marketing Institute under AS 16.51.020, as amended by sec. 3 of this Act, as soon as  
 18 practicable on or after the effective date of sec. 3 of this Act. The governor shall appoint the  
 19 two commercial fisherman members to initial terms of one, two, or three years, as the  
 20 governor determines appropriate to provide for staggered terms for the commercial fishermen  
 21 members of the board.

22 \* **Sec. 20.** The uncodified law of the State of Alaska is amended by adding a new section to  
 23 read:

24 SEAFOOD MARKETING ASSESSMENT; ELECTION. (a) Notwithstanding  
 25 AS 16.51.120 - 16.51.170, the seafood marketing assessment that is in effect on the day  
 26 before the effective date of this section shall remain in effect until December 31, 2005. After  
 27 December 31, 2005, a levy of the seafood marketing assessment under AS 16.51.120 shall be  
 28 retained, amended, or terminated in accordance with the results of the election held under this  
 29 section by the Alaska Seafood Marketing Institute.

30 (b) Notwithstanding AS 16.51.120 - 16.51.140, the Alaska Seafood Marketing  
 31 Institute shall conduct an election under this section for the retention, termination, and

1 amendment of the levy of the seafood marketing assessment under AS 16.51.120.

2 (c) In conducting the election under this section, the Alaska Seafood Marketing  
3 Institute and the director of elections shall adopt the following procedures:

4 (1) by January 1, 2005, the director of elections shall approve

5 (A) the notice of the election to be published by the institute;

6 (B) the ballot to be used in the election; and

7 (C) the registration and voting procedures for the election;

8 (2) the institute shall hold at least one meeting before February 28, 2005, to  
9 explain the reason for the election and to explain the voting procedure to be used in the  
10 election; the institute shall provide notice of the meeting by

11 (A) mailing the notice of the meeting to each eligible processor; and

12 (B) publishing the notice in at least one newspaper of general  
13 circulation in each region of the state at least two weeks before the meeting;

14 (3) the institute shall mail ballots to each eligible processor not earlier than  
15 February 15, 2005;

16 (4) the ballot must ask two questions as follows:

17 (A) the first ballot question must ask whether the seafood marketing  
18 assessment shall be retained; the ballot question must be written so that a yes vote is  
19 for retention of the levy of the seafood marketing assessment and a no vote is for  
20 termination of the levy of the seafood marketing assessment;

21 (B) the second ballot question must ask whether the seafood marketing  
22 assessment shall be levied under AS 16.51.120(h) at a rate of .5 percent of the value of  
23 seafood products produced in Alaska by a processor; the ballot question must be  
24 written so that a yes vote is for approval of the levy of the assessment under  
25 AS 16.51.120(h) and a no vote is for retention of the levy under AS 16.51.120 that is  
26 in effect on the day before the effective date of this section; the ballot must indicate  
27 that the effective date of the levy of the assessment under AS 16.51.120(h) is  
28 January 1, 2006, if the levy is approved;

29 (5) the ballots must be postmarked on or before March 31, 2005, and received  
30 by the institute on or before April 15, 2005, to be counted in the election;

31 (6) the ballots shall be returned by mail;

1 (7) the ballots shall be counted by the director of elections or the director's  
2 representative; the director or the director's representative, with the assistance of the  
3 commissioner of revenue, shall first determine whether the retention of the levy of the seafood  
4 marketing assessment is approved by eligible processors who together produce at least 51  
5 percent of the value of seafood products produced in Alaska in the previous calendar year;  
6 only if the retention of the levy of the assessment is approved, the director or the director's  
7 representative, with the assistance of the commissioner of revenue, shall determine the results  
8 of the voting on the second ballot question;

9 (8) if the retention of the levy of the seafood marketing assessment under  
10 AS 16.51.120 is not approved by eligible processors who together produce at least 51 percent  
11 of the value of seafood products produced in Alaska in the previous calendar year, the levy of  
12 the assessment is terminated December 31, 2005;

13 (9) if the retention of the levy of the seafood marketing assessment under  
14 AS 16.51.120 is approved by eligible processors who together produce at least 51 percent of  
15 the value of seafood products produced in Alaska in the previous calendar year and if the levy  
16 of the seafood marketing assessment under AS 16.51.120(h) is approved by eligible  
17 processors who together produce at least 51 percent of the value of seafood products produced  
18 in Alaska in the previous calendar year, the levy of the seafood marketing assessment under  
19 AS 16.51.120(h) takes effect January 1, 2006; and

20 (10) if the retention of the levy of the seafood marketing assessment under  
21 AS 16.51.120 is approved by eligible processors who together produce at least 51 percent of  
22 the value of seafood products produced in Alaska in the previous calendar year and if the levy  
23 of the seafood marketing assessment under AS 16.51.120(h) is not approved by eligible  
24 processors who together produce at least 51 percent of the value of seafood products produced  
25 in Alaska in the previous calendar year, the levy under AS 16.51.120 that is in effect on the  
26 day before the effective date of this section remains in effect until amended or terminated  
27 under AS 16.51.120 - 16.51.140.

28 (d) The director of elections shall certify the results of an election under this section if  
29 the director determines that the requirements of (c) of this section have been satisfied. The  
30 director shall provide the certified results of the election to the commissioner of revenue, the  
31 Alaska Seafood Marketing Institute, the lieutenant governor, and the revisor of statutes.

1 (e) Following the election conducted under this section, a seafood marketing  
2 assessment may be approved, amended, or terminated in accordance with the procedures set  
3 out under AS 16.51.120 - 16.51.150, as amended by secs. 8 - 14 of this Act.

4 (f) For purposes of AS 16.51.120(a), the election held under this section shall be  
5 considered to be an election held under AS 16.51.140.

6 \* **Sec. 21.** The uncodified law of the State of Alaska is amended by adding a new section to  
7 read:

8 **TERMINATION OF THE SEAFOOD MARKETING ASSESSMENT.**  
9 Notwithstanding AS 16.51.120 - 16.51.140, the seafood marketing assessment levied under  
10 AS 16.51.120 that is in effect on the day before the effective date of sec. 20 of this Act is  
11 terminated December 31, 2005.

12 \* **Sec. 22.** The uncodified law of the State of Alaska is amended by adding a new section to  
13 read:

14 **CONTINGENT EFFECT -- TERMINATION OF SEAFOOD MARKETING**  
15 **ASSESSMENT.** (a) Section 21 of this Act takes effect only if the director of elections  
16 certifies that the retention of the levy of the seafood marketing assessment under  
17 AS 16.51.120 is not approved by eligible processors who together produce at least 51 percent  
18 of the value of seafood products produced in Alaska in the previous calendar year at the  
19 election held under sec. 20 of this Act.

20 (b) Sections 3, 5, 7, and 19 of this Act take effect if the director of elections certifies  
21 that the retention of the levy of the seafood marketing assessment under AS 16.51.120 was  
22 not approved by eligible processors who together produce at least 51 percent of the value of  
23 seafood products produced in Alaska in the previous calendar year at the election held under  
24 sec. 20 of this Act.

25 \* **Sec. 23.** The uncodified law of the State of Alaska is amended by adding a new section to  
26 read:

27 **CONTINGENT EFFECT -- APPROVAL OF LEVY UNDER AS 16.51.120(h).** (a)  
28 Section 16 of this Act takes effect only if the director of elections certifies that the levy of the  
29 seafood marketing assessment under AS 16.51.120(h) is approved by eligible processors who  
30 together produce at least 51 percent of the value of seafood products produced in Alaska in  
31 the previous calendar year at the election held under sec. 20 of this Act.

1 (b) Sections 1 and 15 of this Act take effect only if the director of elections certifies  
 2 that the levy of the seafood marketing assessment under AS 16.51.120(h) is approved by  
 3 eligible processors who together produce at least 51 percent of the value of seafood products  
 4 produced in Alaska in the previous calendar year at the election held under sec. 20 of this Act.

5 \* **Sec. 24.** The uncodified law of the State of Alaska is amended by adding a new section to  
 6 read:

7 CONTINGENT EFFECT -- DISAPPROVAL OF LEVY UNDER AS 16.51.120(h).  
 8 Sections 3, 5, 7, and 19 of this Act take effect if the director of elections certifies that the levy  
 9 of a seafood marketing assessment under AS 16.51.120(h) was not approved by eligible  
 10 processors who together produce at least 51 percent of the value of seafood products produced  
 11 in Alaska in the previous calendar year at the election held under sec. 20 of this Act.

12 \* **Sec. 25.** If sec. 16 of this Act takes effect under sec. 23 of this Act, it takes effect on the  
 13 day after the director of elections certifies the result of the election held under sec. 20 of this  
 14 Act.

15 \* **Sec. 26.** If secs. 1 and 15 of this Act take effect under sec. 23 of this Act, they take effect  
 16 December 31, 2005.

17 \* **Sec. 27.** If secs. 3, 5, 7, and 19 of this Act take effect under sec. 22 or 24 of this Act, they  
 18 take effect on the day after the director of elections certifies the result of the election held  
 19 under sec. 20 of this Act.

20 \* **Sec. 28.** If sec. 21 of this Act takes effect under sec. 22 of this Act, it takes effect on the  
 21 day after the director of elections certifies the result of the election held under sec. 20 of this  
 22 Act.

23 \* **Sec. 29.** Except as provided in secs. 25 - 28 of this Act, this Act takes effect immediately  
 24 under AS 01.10.070(c).