

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON FISHERIES**

May 11, 2017

10:01 a.m.

MEMBERS PRESENT

Representative Louise Stutes, Chair
Representative Zach Fansler
Representative Jonathan Kreiss-Tomkins
Representative Geran Tarr
Representative David Eastman
Representative Mark Neuman

MEMBERS ABSENT

Representative Mike Chenault

COMMITTEE CALENDAR

PRESENTATION: ALASKA SALMON PRICE & PRODUCTION REPORT BY
DEPARTMENT OF REVENUE

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

ELIZABETH NUDELMAN, Fish Manager
Tax Division
Department of Revenue
Juneau, Alaska

POSITION STATEMENT: Co-presented the Alaska Salmon Price and
Production report.

MIKE KAZMAC, Auditor
Fish Group
Tax Division
Department of Revenue
Juneau, Alaska

POSITION STATEMENT: Co-presented the Alaska Salmon Price and
Production report.

ACTION NARRATIVE

[10:01:17 AM](#)

CHAIR LOUISE STUTES called the House Special Committee on Fisheries meeting to order at 10:01 a.m. Representatives Stutes, Kreiss-Tomkins, Fansler, Eastman, and Neuman were present at the call to order. Representative Tarr arrived as the meeting was in progress.

**Presentation: Alaska Salmon Price & Production Report by
Department of Revenue**

[10:01:57 AM](#)

CHAIR STUTES announced that the only order of business would be a presentation on the Alaska Salmon Price & Production reports by the Department of Revenue.

[10:02:34 AM](#)

ELIZABETH NUDELMAN, Fish Manager, Tax Division, Department of Revenue (DOR), made introductions and then deferred to the agency auditor.

[10:03:20 AM](#)

MIKE KAZMAC, Auditor, Fish Group, Tax Division, Department of Revenue (DOR), directed attention to the committee packet and the handout titled, "Overview of the Alaska Salmon Price and Alaska Salmon Production Reports; May 11, 2017," and explained that Alaska Statute 43.80 requires salmon processors who sell at least one million pounds of salmon products at wholesale to file price and production reports, which are then aggregated by the DOR Fish Tax Division. Processors must file four reports during the calendar year, which are: an annual production report of the quantity of salmon products produced; and three tri-annual price reports for monthly data of wholesale sales activities for the yearly periods of January-April, May-August, and September-December. He said that under AS 43.80, there are six reportable salmon product forms, which are filed and pertain to species, the reporting period, weight/cases, value, and other elements. The six, reportable salmon products are: 1) thermally processed salmon products, 2) fresh headed and gutted salmon products, 3) fresh fillet salmon products, 4) frozen headed and gutted salmon products, 5) frozen fillet salmon products, and 6) salmon roe products. The purpose of the filing is to provide information

about wholesale salmon prices and production to the public. However, not all salmon products are required to be reported. Excluded products include salmon oil, salmon skins, and salmon by-products.

[10:06:22 AM](#)

MS. NUDELMAN added that the DOR website provides all the reports, beginning in 1980. In 1988, the reports were expanded to include thermal products, and also increased the threshold of reporting.

[10:07:32 AM](#)

REPRESENTATIVE FANSLER asked about thermally processed products.

MR. KAZMAC responded that these are products which have been cooked and sealed, and include canned and pouched items. The canning section of the report is size specific from one-quarter pound to four pound containers.

[10:08:20 AM](#)

MR. KAZMAC said the processors report monthly sales activity for each salmon species, product form, and areas of production designated as Southeastern and Yakutat, Kodiak, Bristol Bay, or other. When all of the processors have filed the price reports for a given period, DOR runs a check for data anomalies. Confidentiality tests are performed, as well, to prevent the publication of any sensitive taxpayer data. He said anomalies in salmon price reports may occur in the information received from the processors, such as over-reporting of sales for a given month or the actual price per pound amounts received.

[10:09:39 AM](#)

REPRESENTATIVE NEUMAN asked if industry holds incentives for misreporting.

MR. KAZMAC replied that there would be no specific reason for the errors, which are usually attributable to typographical mistakes or misplaced decimals.

[10:10:20 AM](#)

MR. KAZMAC said the confidentiality tests, for a given month, are reported when: there are three or more processors for a

given area; no one processor has over 80 percent of the total value; and no two processors have over 95 percent of the total value. Following the data and confidentiality tests, DOR publishes the Salmon Price report. He referred to the committee handout, pages 8-16, to point out the series of tables that comprise the most recent, 8 page, tri-annual Alaska Salmon Price report, for the period 9/1/16-12/31/16. The report includes the headed and gutted statistics, which are the bread and butter of Alaska's fish report. The reports begins with two summary pages by species and product, and the remaining pages are the detailed information.

[10:14:42 AM](#)

CHAIR STUTES noted that the report represents numerous man hours on the part of industry and the state to report, compile, and publish, and asked, "What's the value of this report to the state?"

[10:15:05 AM](#)

MR. KAZMAC responded that the purpose of the report is to provide fisherman an idea of the price processors receive for their finished product, and economists use the report to monitor the health of the industry.

CHAIR STUTES surmised that there is no direct monetary value associated with the reports.

MR. KAZMAC said correct.

CHAIR STUTES requested an estimate of what it costs to compile the quarterly information.

MR. KAZMAC offered to provide further information.

[10:16:22 AM](#)

REPRESENTATIVE NEUMAN expressed similar concern and said the report has multiple, associated costs without any direct, monetary benefits to the state.

[10:17:01 AM](#)

CHAIR STUTES asked if the report reflects the ex-vessel value of the fish, or the finished product.

MR. KAZMAC said all the data reflect finished products.

[10:17:27 AM](#)

REPRESENTATIVE KREISS-TOMKINS inquired whether another agency compiles the ex-vessel value.

MR. KAZMAC responded that the ex-vessel value is compiled by Alaska Department of Fish & Game (ADF&G), as well as DOR.

[10:18:11 AM](#)

CHAIR STUTES questioned whether the data might be available through any other venue, such as the e-landing system.

MR. KAZMAC replied, "Not to my knowledge." He offered that ADF&G compiles a production report as part of their core services, and deferred further comment.

CHAIR STUTES asked whether the information collected by the different agencies could be shared and electronically interfaced.

MR. KAZMAC said the dates for receiving the data and the reporting requirements are not in alignment between the agencies.

CHAIR STUTES opined that the reporting efforts may be redundant.

[10:20:18 AM](#)

REPRESENTATIVE NEUMAN asked whether the requirement for the DOR report is held in statute.

MS. NUDELMAN replied that the DOR reports are required by statute. Further, the information is electronically compiled at DOR, and the reports issued with confidential tax information in mind. Regarding the core report information issued by ADF&G, there may be duplication, which could be a point for review, she suggested, and offered to provide further information.

REPRESENTATIVE NEUMAN queried whether the information is regularly requested by different groups and organization, or simply made accessible as a public service.

MR. KAZMAC said that members of the media and economists use the information, as does the Alaska Seafood Marketing Institute (ASMI).

[10:23:07 AM](#)

CHAIR STUTES maintained her interest in discovering any redundancy in the collection and reporting efforts by the agencies.

MS. NUDELMAN agreed that ADF&G does collect some of the same information as is required by DOR. Confidentiality guidelines would be held by that agency, also. A review would need to be conducted to identify any overlap or redundancy.

[10:25:00 AM](#)

MR. KAZMAC moved onto the Annual Salmon Price Report, which DOR publishes annually by combining the three tri-annual processor price reports, and any adjustments for the calendar year. Of all the reports, he said, this is the one that generates the least feedback. It is published because of statutory requirement. He reviewed the three page report and the contents on each, referring to the committee handout pages 18-20. Finally, he directed attention to pages 22 and 23, to introduce the final report, the Annual Salmon Production Report, which shows the quantity of salmon products, as produced, by processor. All of these reports are available on the DOR website, he finished. To a committee question, he said that five major areas, previously mentioned, are reported on but smaller locales are not, in order to maintain tax reporting anonymity requirements. The identification of certain processors cannot be held in confidence, when they are the sole operator in an area.

[10:30:28 AM](#)

REPRESENTATIVE NEUMAN returned to the question of redundancy and the statutory requirements for reporting. He said that, as the legislature continues to seek out government efficiencies, it appears that this is an area in need of scrutiny. The value of the report after forty years should be visited, and questioned as whether or not to maintain the requirement in statute.

[10:31:57 AM](#)

CHAIR STUTES interjected that ASMI may be asked to comment on how the report is utilized for its programs; perhaps to great advantage of the state.

CHAIR STUTES thanked the participants.

[10:32:45 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 10:32 a.m.