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1 IN THE HOUSE

BY MCBRIDE

2

HOUSE BILL NO. 677

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the promotion of the marketing of
7 forest products."

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

9 * Section 1. FINDINGS. The legislature finds that a cooperative effort
10 by the state and private industry to stabilize and develop the forest
11 products industry of Alaska, promote quality control within the industry,
12 and foster expansion of the market for Alaska forest products throughout
13 the state, nation, and world is in the public interest and is a valid
14 public purpose. The legislature further finds that a cooperative effort
15 would benefit the forest products industry in Alaska and that, therefore,
16 some of the cost of maintaining the effort should be borne by the industry.
17 The legislature further finds that the assessments that forest product
18 processors may levy upon themselves under this Act are intended to reim-
19 burse the state for the industry's rightful share of the forest products
20 marketing effort, while reserving the legislature's right under the state
21 constitution to spend the money so collected for any purpose. The legisla-
22 ture further finds that public financing of this program in excess of the
23 amounts realized from the assessment during the development phases of the
24 program is appropriate.

25 * Sec. 2. PURPOSE. The purposes of this Act are to

26 (1) encourage the forest products industry in the state to make
27 greater use of the forest products resources in the state;

28 (2) expand the range of forest products harvested by the forest
29 products industry in the state;

1 (3) enable the forest products industry to maintain and enhance
2 the quality of forest products harvested and processed by loggers and
3 processors in the state;

4 (4) enable the forest products industry in the state to stimu-
5 late consumer identification of Alaska forest products to increase the use
6 and consumption of forest products harvested and processed in the state;

7 (5) stabilize and diversify the distribution of forest products
8 processed and harvested in the state by encouraging consumers to purchase
9 Alaska forest products;

10 (6) provide for the reimbursement to the state, through assess-
11 ments made on forest products processors, of a part of the financial assis-
12 tance provided by the state to maintain the forest products marketing
13 effort provided for under this Act; and

14 (7) create an effort that will be financed jointly by the state
15 and by forest product processors.

16 * Sec. 3. AS 41 is amended by adding a new chapter to read:

17 CHAPTER 47. ALASKA FOREST PRODUCTS MARKETING INSTITUTE.

18 Sec. 41.47.010. ALASKA FOREST PRODUCTS MARKETING INSTITUTE
19 ESTABLISHED. There is established the Alaska Forest Products Market-
20 ing Institute. The institute is a public corporation of the state in
21 the Department of Commerce and Economic Development with separate and
22 independent legal existence.

23 Sec. 41.47.020. BOARD OF DIRECTORS. (a) The governing body of
24 the institute is a board of directors consisting of 18 members ap-
25 pointed by the governor. In making appointments to the board the
26 governor shall consider, but need not appoint, nominees presented by
27 persons engaged in forest product processing, the financing of forest
28 product processing, or the harvesting of forest products.

29 (b) Twelve members of the board shall be affiliated with forest

1 products processors; eight of these members shall be affiliated with
2 forest products processors that have an annual payroll in the state of
3 \$1,000,000 or more; four of these members shall be affiliated with
4 forest products processors that have an annual payroll in the state of
5 at least \$50,000 but less than \$1,000,000. Five members of the board
6 shall be persons engaged in harvesting forest products. One member of
7 the board shall be a person not involved with the forest products
8 industry.

9 (c) The board shall annually elect a chairman and other neces-
10 sary officers from among its members.

11 Sec. 41.47.030. TERM OF OFFICE. Members of the board serve
12 three-year staggered terms and may be reappointed. A member appointed
13 to fill a vacancy holds office for the balance of the term.

14 Sec. 41.47.040. REMOVAL AND VACANCIES. Members of the board
15 serve at the pleasure of the governor. A vacancy on the board occur-
16 ring other than by expiration of a term shall be filled in the same
17 manner as the original appointment.

18 Sec. 41.47.050. QUORUM. Ten members of the board constitute a
19 quorum for the transaction of business and the exercise of the powers
20 and duties of the board.

21 Sec. 41.47.060. COMPENSATION OF BOARD MEMBERS. Board members
22 serve without compensation but they shall receive the same per diem
23 and travel pay authorized under AS 39.20.180 for board members.

24 Sec. 41.47.070. MEETINGS. The board shall meet at least once a
25 year. Meetings are held at the call of the chair or when requested in
26 writing by two members of the board.

27 Sec. 41.47.080. EMPLOYMENT OF PERSONNEL. The board may employ
28 and establish the compensation of an executive director. The execu-
29 tive director may, with the approval of the board, employ and

1 establish the compensation of additional staff as necessary.

2 Sec. 41.47.090. POWERS. The board may

3 (1) have a corporate seal;

4 (2) adopt and change bylaws;

5 (3) sue and be sued;

6 (4) adopt regulations governing the exercise of its powers;

7 (5) cooperate with a public or private board, organization,

8 or agency engaged in work or activities similar to the work or activi-
9 ties of the institute, including entering into contracts for joint
10 programs of consumer education, sales promotion, quality control,
11 advertising, or research relating to the production, processing, or
12 distribution of forest products;

13 (6) conduct, or contract for, scientific research to de-
14 velop and discover uses for forest products harvested and processed in
15 the state;

16 (7) receive contributions of money from persons;

17 (8) establish offices in the state and otherwise incur
18 expenses incidental to the performance of its duties;

19 (9) appear on behalf of the institute before boards, com-
20 missions, departments, or other agencies of municipal, state, or
21 federal government;

22 (10) acquire, lease, sell, or dispose of property necessary
23 to carry out its purposes and powers;

24 (11) establish bank accounts for the transaction of the
25 institute's business.

26 Sec. 41.47.100. EXECUTIVE BUDGET ACT. The operating budget of
27 the institute shall be prepared and submitted in compliance with
28 AS 37.07.

29 Sec. 41.47.110. DUTIES. The board shall

1 (1) conduct education, research, advertising, or sales
2 promotion programs designed to accomplish the purposes of this chap-
3 ter;

4 (2) prepare market research and product development plans
5 to promote forest products and their by-products that are harvested in
6 the state and processed for sale;

7 (3) develop market-oriented quality specifications for
8 Alaska forest products for developing a high quality image for Alaska
9 forest products in world markets, and adopt and distribute recommenda-
10 tions for harvesting and marketing forest products; and

11 (4) submit an annual report to the governor and the legis-
12 lature describing the activities of the institute.

13 Sec. 41.47.120. PROHIBITED PROMOTIONS. The board may not pro-
14 mote or enter into a contract that promotes forest products by

15 (1) geographic origin other than from the state generally;

16 (2) geographic region of the state; or

17 (3) specific brand name.

18 Sec. 41.47.130. FOREST PRODUCTS MARKETING ASSESSMENT. (a) A
19 processor who buys \$50,000 or more of forest products in the state
20 each calendar year shall pay an assessment of not less than .001 or
21 more than .004 of the value paid by the processor.

22 (b) An assessment may only be levied or collected under (a) of
23 this section if the assessment is approved by eligible processors
24 under AS 41.47.140.

25 Sec. 41.47.140. ELECTION TO APPROVE OR TERMINATE ASSESSMENT.

26 (a) The institute shall conduct an election under this section after
27 the director of the division of elections approves

28 (1) the notice to be published by the institute;

29 (2) the ballot to be used in the election; and

1 (3) the registration and voting procedure for the approval
2 or termination of the assessment.

3 (b) The assessment is levied under AS 41.47.130 on the effective
4 date stated on the ballot if

5 (1) it is approved by at least the number of eligible
6 processors who together purchased at least 51 percent of the total
7 value of forest products purchased in the state during the 12 months
8 immediately preceding the month of the election under this section;
9 and

10 (2) the election results are certified by the director of
11 the division of elections.

12 (c) The institute shall adopt the following procedures for an
13 election under this section:

14 (1) The institute shall hold at least one public meeting
15 not less than 30 days before the date that ballots must be postmarked
16 to be counted in the election to explain the reason for the proposed
17 assessment and to explain the registration and voting procedure to be
18 used in the election. The institute shall provide notice of the
19 meeting by

20 (A) mailing the notice to each eligible processor;

21 (B) publishing the notice in at least one newspaper of
22 general circulation in each judicial district in the state at
23 least once a week for two consecutive weeks before the meeting.

24 (2) The institute shall mail a ballot to each eligible
25 processor not later than 45 days before the date ballots must be
26 postmarked to be counted in the election.

27 (3) The ballot shall

28 (A) ask the question whether an assessment shall be
29 levied under one of the following assessments:

- 1 (i) .001;
2 (ii) .002;
3 (iii) .003; or
4 (iv) .004;

5 (B) provide an effective date for the levy of the
6 assessment; and

7 (C) indicate the date returned ballots must be post-
8 marked in order to be counted.

9 (4) The ballots shall be returned by mail and shall be
10 counted by the director of the division of elections or the director's
11 representative.

12 (d) The director of the division of elections shall certify the
13 results of an election under this section if the director determines
14 that (a) and (c) of this section have been satisfied.

15 (e) A ballot of a corporation is presumed valid under this
16 section and AS 41.47.150 if the ballot is signed by an officer of the
17 corporation and imprinted with the corporate seal.

18 (f) Except as provided in AS 41.47.150(b)(2), an election to
19 terminate an assessment shall be conducted under (a), (c), and (d) of
20 this section.

21 Sec. 41.47.150. TERMINATION OF FOREST PRODUCTS MARKETING ASSESS-
22 MENT. (a) An assessment levied under AS 41.47.130 may be terminated
23 by the commissioner of revenue if an election is held under AS 41.47.-
24 140 and termination of the assessment is approved by at least the
25 number of eligible processors who together purchased at least 51
26 percent of the total value of forest products purchased in the state
27 during the 12 months immediately preceding the month of the election
28 under this section

29 (b) An assessment shall be terminated by the commissioner of

1 revenue under (a) of this section following an election if

2 (1) a petition is presented to the director of the division
3 of elections requesting termination of the assessment that is signed
4 by at least 25 percent of processors who voted under AS 41.47.140 in
5 the election approving the assessment;

6 (2) eligible processors who together purchased at least 51
7 percent of the total value of forest products purchased in the state
8 during the 12 months immediately preceding the month of the election
9 under this section cast ballots for terminating the assessment; and

10 (3) the institute provides notice of the election under
11 this section within two months after receiving notice from the direc-
12 tor of the division of elections that a valid petition under (1) of
13 this subsection has been received.

14 Sec. 41.47.160. COLLECTION OF ASSESSMENTS AND DISPOSITION OF
15 PROCEEDS. (a) A processor shall collect and remit to the Department
16 of Revenue by April 1 of each year the total amount of an assessment
17 owed on the value paid for forest products by the processor in the
18 previous calendar year.

19 (b) The forest products marketing assessment collected under
20 AS 41.47.130 - 41.47.170 shall be deposited in the general fund. The
21 legislature may make appropriations based on collections of assess-
22 ments remitted to the Department of Commerce and Economic Development
23 for the purpose of providing financing to the institute, and may
24 appropriate additional money beyond the assessment collected under
25 this section as need is demonstrated by the institute.

26 Sec. 41.47.170. ENFORCEMENT OF ASSESSMENTS. The provisions of
27 AS 43.05 and AS 43.10 apply for the enforcement and collection of the
28 forest products marketing assessment.

29 Sec. 41.47.180. DETERMINATION OF VALUE AND ELIGIBILITY. When

1 requested by the director of the division of elections or the insti-
2 tute's board of directors, the commissioner of revenue shall determine

3 (1) the total value of forest products purchased in Alaska
4 during any calendar year;

5 (2) whether the eligible processors approving the levy or
6 termination of an assessment together purchased at least 51 percent of
7 the total value of forest products purchased in Alaska during the 12
8 months immediately preceding the month of election under AS 41.47.140;
9 or

10 (3) whether the eligible processors petitioning for an
11 election under AS 41.47.150(a)(1) are at least 25 percent of proces-
12 sors who voted in the election approving the assessment; or

13 (4) the eligibility of a processor under this chapter.

14 Sec. 41.47.190. DEFINITIONS. In this chapter,

15 (1) "assessment" means the forest products marketing as-
16 sessment;

17 (2) "board" means the Board of Directors of the Alaska
18 Forest Products Marketing Institute;

19 (3) "forest products" means timber and timber by-products
20 resulting after harvesting of timber;

21 (4) "harvesting" means removal of timber for sale;

22 (5) "institute" means the Alaska Forest Products Marketing
23 Institute;

24 (6) "processor" includes a person or firm who engages in
25 milling and chipping;

26 (7) "value" means the actual price paid for the forest
27 product resource by the forest product business, including indirect
28 consideration such as fuel, supplies, or machinery, whether paid at
29 the time of purchase of the forest product resource or tendered as a

1 deferred or delayed payment, except that "value" means the market
2 value of the forest product resource if the harvesting of the forest
3 product resource is done by company-owned or company-subsidized log-
4 ging firms operated by employees of the forest product business or by
5 logging firms that are operated under lease or other arrangement.

6 * Sec. 4. AS 39.25.110 is amended by adding a new paragraph to read:

7 (22) executive director and employees of the Alaska Forest
8 Products Marketing Institute.

9 * Sec. 5. AS 39.50.200(b) is amended by adding a new paragraph to read:

10 (46) Alaska Forest Products Marketing Institute (AS 41.47.-
11 010).

12 * Sec. 6. Initial appointments to the Board of Directors of the Alaska
13 Forest Products Marketing Institute under AS 41.47.020 enacted in sec. 3 of
14 this Act shall be made for the following terms:

- 15 (1) six members shall serve for one year;
16 (2) six members shall serve for two years;
17 (3) six members shall serve for three years.