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1 IN THE HOUSE

BY TAYLOR AND SUND

2

HOUSE BILL NO. 306

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

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

25 (b) The purpose of this Act is 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. 2. 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 may consider nominees presented by persons engaged in forest
27 product processing, the financing of forest product processing, or the
28 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 a
2 forest products processor that has an annual payroll in the state of
3 \$1,000,000 or more; four of these members shall be affiliated with a
4 forest products processor that has 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 individuals engaged in harvesting forest products. One
7 member of the board shall be an individual not involved with the
8 forest products industry.

9 (c) The board shall annually elect a presiding officer and other
10 necessary 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. A member of the board
15 serves 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. A board member
22 serves without compensation but shall receive the per diem and travel
23 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 presiding officer or when
26 requested in writing by two members of the board.

27 Sec. 41.47.080. EMPLOYMENT OF PERSONNEL. The board may employ
28 and shall establish the compensation of an executive director. The
29 executive 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 under AS 37.07.

28 Sec. 41.47.110. DUTIES. The board shall

29 (1) conduct education, research, advertising, or sales

1 promotion programs designed to accomplish the purposes of this chap-
2 ter;

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

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

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

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

- 14 (1) geographic origin other than from the state generally;
15 (2) geographic region of the state; or
16 (3) specific brand name.

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

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

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

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

- 27 (1) the notice to be published by the institute;
28 (2) the ballot to be used in the election; and
29 (3) the registration and voting procedure for the approval

1 or termination of the assessment.

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

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

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

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

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

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

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

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

26 (3) The ballot shall

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

29 (i) .001;

1 (ii) .002;

2 (iii) .003; or

3 (iv) .004;

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

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

8 (4) The ballots shall be returned by mail and shall be
9 counted by the director of elections.

10 (d) The director of elections shall certify the results of an
11 election under this section if the director determines that (a) and
12 (c) of this section have been complied with.

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

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

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

27 (b) An assessment shall be terminated by the commissioner of
28 revenue under (a) of this section following an election if

29 (1) a petition is presented to the director of the division

1 of elections requesting termination of the assessment that is signed
2 by at least 25 percent of processors who voted under AS 41.47.140 in
3 the election approving the assessment;

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

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

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

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

24 Sec. 41.47.170. ENFORCEMENT OF ASSESSMENTS. AS 43.05 and
25 AS 43.10 apply to the enforcement and collection of the forest prod-
26 ucts marketing assessment.

27 Sec. 41.47.180. DETERMINATION OF VALUE AND ELIGIBILITY. When
28 requested by the director of elections or the institute's board of
29 directors, the commissioner of revenue shall determine

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

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

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

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

12 Sec. 41.47.200. DEFINITIONS. In this chapter,

13 (1) "assessment" means the forest products marketing as-
14 sessment;

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

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

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

20 (5) "institute" means the Alaska Forest Products Marketing
21 Institute;

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

24 (7) "value" means the actual price paid for the forest
25 product resource by the forest product business, including indirect
26 consideration such as fuel, supplies, or machinery, whether paid at
27 the time of purchase of the forest product resource or tendered as a
28 deferred or delayed payment, except that "value" means the market
29 value of the forest product resource if the harvesting of the forest

1 product resource is done by company-owned or company-subsidized log-
2 ging firms operated by employees of the forest product business or by
3 logging firms that are operated under lease or other arrangement.

4 * Sec. 3. AS 39.25.110 is amended by adding a new paragraph to read:

5 (23) executive director and employees of the Alaska Forest
6 Products Marketing Institute.

7 * Sec. 4. AS 39.50.200(b) is amended by adding a new paragraph to read:

8 (48) Alaska Forest Products Marketing Institute (AS 41.47.-
9 010).

10 * Sec. 5. Initial appointments to the Board of Directors of the Alaska
11 Forest Products Marketing Institute under AS 41.47.020 enacted in sec. 2 of
12 this Act shall be made for the following terms:

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