

HOUSE BILL NO. 414
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES HUDSON, Jacko, Grussendorf

Introduced: 1/22/92

Referred: Labor & Commerce, Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to salmon marketing and enhancement taxes, to fisheries enhancement
2 loans, and to the Alaska Seafood Marketing Institute; and providing for an effective date."

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

4 * Section 1. AS 16.51.020(a) is amended to read:

5 (a) The governing body of the institute is a board of directors. The board consists of 20
6 [18] voting members appointed by the governor. In making appointments to the board, the
7 governor shall consider, but need not appoint, nominees presented by persons engaged in fish
8 processing, the financing of fish processing, or commercial fishing.

9 * Sec. 2. AS 16.51.020(b) is amended to read:

10 (b) Twelve members of the board shall be seafood processors: eight of the seafood
11 processors must have an annual payroll in the state of \$1,000,000 or more; four of the seafood
12 processors must have an annual payroll in the state of \$50,000 - \$1,000,000. Seven [FIVE]
13 members of the board must be engaged in commercial fishing. One member of the board shall
14 be a lay person selected by the governor.

1 * **Sec. 3.** AS 16.51.050 is amended to read:

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

5 * **Sec. 4.** AS 16.51.090 is amended to read:

6 **Sec. 16.51.090. POWERS OF BOARD.** In carrying out the powers of the institute, the
7 board may

8 (1) adopt, alter, and use a corporate seal;

9 (2) prescribe, adopt, amend, and repeal bylaws;

10 (3) sue and be sued in the name of the institute;

11 (4) enter into any agreements necessary to the exercise of its powers and
12 functions;

13 (5) cooperate with a public or private board, organization, or agency engaged in
14 work or activities similar to the work or activities of the institute, including entering into
15 contracts for joint programs of consumer education, sales promotion, quality control, advertising,
16 and research in the production, processing, or distribution of seafood;

17 (6) conduct, or contract for, scientific research to develop and discover health,
18 dietetic, or other uses of seafood harvested and processed in the state;

19 (7) receive contributions of money from persons;

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

22 (9) appear on behalf of the institute before boards, commissions, departments, or
23 other agencies of municipal, state, or federal government;

24 (10) acquire, hold, lease, sell, or otherwise dispose of property, but such property
25 is limited to that which is necessary to the administrative functioning of the office of the institute;

26 (11) establish and maintain one or more bank accounts for the transaction of the
27 institute's business;

28 (12) prepare market research and product development plans for the promotion
29 of any species of seafood and their by-products that may be harvested in the state and processed
30 for sale;

31 **(13) establish an executive board to assist the board in efficiently exercising**

1 the board's powers and duties under this chapter: the executive board shall consist of seven
2 members selected from and by the board and shall include at least two members who are
3 engaged in commercial fishing.

4 * Sec. 5. AS 16.51.100 is amended to read:

5 Sec. 16.51.100. DUTIES OF BOARD. The board shall

6 (1) conduct programs of education, research, advertising, or sales promotion
7 designed to accomplish the purposes of this chapter;

8 (2) promote all species of seafood and their by-products that are harvested in the
9 state and processed for sale;

10 (3) develop market-oriented quality specifications for Alaska seafoods to be used
11 in developing a high quality image for Alaska seafood in domestic and world markets, and adopt
12 and distribute recommendations regarding the handling of seafood from the moment of capture
13 to final distribution;

14 (4) prepare market research and product development plans for the promotion of
15 all species of seafood and their by-products that are harvested in the state and processed for sale;

16 (5) submit an annual report to the governor and the legislature describing the
17 activities of the institute; and

18 (6) develop marketing programs based on the "inspection" and "premium quality"
19 seals designed under AS 03.05.026 [,] and use the seals in advertising and promotion efforts of
20 the institute.

21 * Sec. 6. AS 43.76 is amended by adding a new section to read:

22 Sec. 43.76.005. ONE PERCENT SALMON MARKETING TAX. (a) A person holding
23 a limited entry permit under AS 16.43 shall pay a salmon marketing tax at the rate of one percent
24 of the value of salmon, as defined in AS 43.75.140, that the person removes from the state or
25 transfers to a buyer in the state. The buyer shall collect the salmon marketing tax at the time the
26 salmon is acquired by the buyer.

27 (b) In lieu of the one percent salmon marketing tax, a combined salmon marketing and
28 enhancement tax may be levied under AS 43.76.010 or 43.76.011. If a combined salmon
29 marketing and enhancement tax is terminated, then the salmon marketing tax under (a) of this
30 section is levied.

31 * Sec. 7. AS 43.76.010 is amended to read:

1 **Sec. 43.76.010. THREE PERCENT COMBINED SALMON MARKETING AND**
2 **ENHANCEMENT TAX.** (a) A person holding a limited entry permit under AS 16.43 shall pay
3 a combined salmon marketing and enhancement tax at the rate of three percent of the value of
4 salmon, as defined in AS 43.75.140, that the person removes from the state or transfers to a
5 buyer in the state. The buyer shall collect the combined salmon marketing and enhancement
6 tax at the time the salmon is acquired by the buyer.

7 (b) A three percent combined salmon marketing and enhancement tax may only be
8 levied or collected under (a) of this section

9 (1) in a region designated by the commissioner of fish and game for the purpose
10 of salmon production under AS 16.10.375;

11 (2) if there exists in that region an association determined by the commissioner
12 of fish and game to be a qualified regional association under AS 16.10.380; and

13 (3) if the qualified regional association approves the three percent combined
14 salmon marketing and enhancement tax under AS 43.76.015.

15 * **Sec. 8.** AS 43.76.011 is amended to read:

16 **Sec. 43.76.011. TWO PERCENT COMBINED SALMON MARKETING AND**
17 **ENHANCEMENT TAX.** (a) A person holding a limited entry permit under AS 16.43 shall pay
18 a combined salmon marketing and enhancement tax at the rate of two percent of the value of
19 salmon, as defined in AS 43.75.140, that the person removes from the state or transfers to a
20 buyer in the state. The buyer shall collect the combined salmon marketing and enhancement
21 tax at the time the salmon is acquired by the buyer.

22 (b) A two percent combined salmon marketing and enhancement tax may only be
23 levied or collected under (a) of this section

24 (1) in a region designated by the commissioner of fish and game for the purpose
25 of salmon production under AS 16.10.375;

26 (2) if there exists in that region an association determined by the commissioner
27 of fish and game to be a qualified regional association under AS 16.10.380; and

28 (3) if the qualified regional association approves the two percent combined
29 salmon marketing and enhancement tax under AS 43.76.015.

30 * **Sec. 9.** AS 43.76.015(a) is amended to read:

31 (a) A qualified regional association may conduct an election under this section after the

1 commissioner of commerce and economic development approves
2 (1) the notice to be published by the qualified regional association;
3 (2) the ballot to be used in the election; and
4 (3) the registration and voting procedure for the approval or termination of the
5 combined salmon marketing and enhancement tax.

6 * Sec. 10. AS 43.76.015(b) is amended to read:

7 (b) The combined salmon marketing and enhancement tax is levied under AS 43.76.010
8 or [,] 43.76.011 [, OR 43.76.012] in a region on the effective date stated on the ballot if

9 (1) it is approved by a majority vote of the eligible interim-use permit and entry
10 permit holders voting in an election held under this section in the region; and

11 (2) the election results are certified by the commissioner of commerce and
12 economic development.

13 * Sec. 11. AS 43.76.015(c) is amended to read:

14 (c) In conducting an election under this section, a qualified regional association shall
15 adopt the following procedures:

16 (1) the qualified regional association for the region shall hold at least one public
17 meeting not less than 30 days before the date on which ballots must be postmarked to be counted
18 in the election to explain the reason for the proposed combined salmon marketing and
19 enhancement tax and to explain the registration and voting procedure to be used in the election;
20 the qualified regional association shall provide notice of the meeting by

21 (A) mailing the notice to each eligible interim-use permit and entry permit
22 holder;

23 (B) posting the notice in at least three public places in the region; and

24 (C) publishing the notice in at least one newspaper of general circulation
25 in the region at least once a week for two consecutive weeks before the meeting;

26 (2) the qualified regional association shall mail two ballots to each eligible
27 interim-use permit and entry permit holder; the first ballot shall be mailed not more than 45 days
28 before the dates ballots must be postmarked to be counted in the election; the second ballot shall
29 be mailed not less than 15 days before the date ballots must be postmarked to be counted in the
30 election; the qualified regional association shall adopt procedures to ensure that only one ballot
31 from each eligible interim-use permit and entry permit holder is counted in the election;

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

(3) the ballot must

(A) indicate whether the election relates to a combined salmon marketing and enhancement tax under AS 43.76.010 or [,] to a combined salmon marketing and enhancement tax under AS 43.76.011 [, OR TO A SALMON ENHANCEMENT TAX UNDER AS 43.76.012];

(B) ask the question whether the combined salmon marketing and enhancement tax shall be levied;

(C) indicate the boundaries of the region in which the combined salmon marketing and enhancement tax will be levied;

(D) provide an effective date for the levy of the combined salmon marketing and enhancement tax; and

(E) indicate the date on which returned ballots must be postmarked in order to be counted;

(4) the ballots shall be returned by mail and shall be counted by the commissioner of commerce and economic development or by a person approved by the commissioner of commerce and economic development.

* Sec. 12. AS 43.76.015(e) is amended to read:

(e) Except as provided in AS 43.76.020(b)(2), an election to terminate a combined salmon marketing and enhancement tax shall be conducted under the same procedures established under (a), (c), and (d) of this section for an election to approve a combined salmon marketing and enhancement tax.

* Sec. 13. AS 43.76.020 is amended to read:

Sec. 43.76.020. TERMINATION OF COMBINED SALMON MARKETING AND ENHANCEMENT TAX. (a) The combined salmon marketing and enhancement tax levied under AS 43.76.010 or [,] 43.76.011 [, OR 43.76.012] may be terminated by the commissioner of revenue upon majority vote at an election held under AS 43.76.015 in the region in which the combined salmon marketing and enhancement tax is levied.

(b) A combined salmon marketing and enhancement tax shall be terminated by the commissioner of revenue under (a) of this section following an election in a region if

(1) a petition is presented to the commissioner of commerce and economic development requesting termination of the combined salmon marketing and enhancement tax

1 which is signed by at least 25 percent of the number of persons who voted under AS 43.76.015
2 in the election approving the combined salmon marketing and enhancement tax in the region;

3 (2) the commissioner of commerce and economic development determines that
4 there are no outstanding loans to the qualified regional association under AS 16.10.510 that are
5 secured by the tax;

6 (3) an election is held in accordance with AS 43.76.015; the ballot must ask the
7 question whether the combined salmon marketing and enhancement tax for the region shall be
8 terminated; the ballot must be worded so that a "yes" vote is for continuation of the combined
9 salmon marketing and enhancement tax and a "no" vote is for termination of the combined
10 salmon marketing and enhancement tax;

11 (4) a majority of the eligible interim-use permit and entry permit holders who vote
12 in the election cast a ballot for the termination of the combined salmon marketing and
13 enhancement tax; and

14 (5) the qualified regional association provides notice of the election in accordance
15 with AS 43.76.015 within two months after receiving notice from the commissioner of commerce
16 and economic development that a valid petition under (1) of this subsection has been received.

17 * Sec. 14. AS 43.76.025 is amended to read:

18 Sec. 43.76.025. COLLECTION OF TAX AND DISPOSITION OF PROCEEDS. (a) A
19 buyer who acquires fisheries resources that are subject to a salmon marketing tax imposed by
20 AS 43.76.005 or a combined salmon marketing and enhancement tax imposed by
21 AS 43.76.010 or [,] 43.76.011 [, OR 43.76.012] shall collect the salmon marketing tax or the
22 combined salmon marketing and enhancement tax at the time of purchase, and shall remit the
23 total salmon marketing and combined salmon marketing and enhancement taxes [TAX]
24 collected during each month to the department by the last day of the next month.

25 (b) A buyer who collects the taxes imposed under this chapter [SALMON
26 ENHANCEMENT TAX] shall

27 (1) maintain records reflecting the region designated under AS 16.10.375 in which
28 the fishery resource was caught; and

29 (2) report to the Department of Revenue by March 1 of each year the total value,
30 as defined in AS 43.75.140, of the salmon caught in each region designated under AS 16.10.375
31 which the buyer has acquired during the preceding year.

1 (c) The salmon marketing tax and the combined salmon marketing and enhancement
2 tax collected under this chapter [AS 43.76.010 - 43.76.030] shall be deposited in the general
3 fund. The legislature may make appropriations based on this revenue to the Department of
4 Commerce and Economic Development for the purpose of providing financing for qualified
5 regional associations and for the purpose of supporting the domestic salmon marketing
6 program of the Alaska Seafood Marketing Institute. The legislature may make an
7 appropriation for the support of the domestic salmon marketing program of the Alaska
8 Seafood Marketing Institute in an amount equal to one percent of the value of salmon
9 removed from the state or transferred to a buyer in the state. The legislature may make
10 an appropriation for the support of a qualified regional association in an amount equal to
11 the revenue received by the state from a combined salmon marketing and enhancement tax
12 imposed in the region less one percent of the value of salmon removed from the region or
13 transferred to a buyer in the region. [THE LEGISLATURE MAY BASE AN
14 APPROPRIATION FOR A QUALIFIED REGIONAL ASSOCIATION OPERATING WITHIN
15 A REGION DESIGNATED UNDER AS 16.10.375 ON THE VALUE OF THE FISHERIES
16 RESOURCES CAUGHT IN THAT REGION RATHER THAN THE VALUE OF THE
17 FISHERIES RESOURCES SOLD IN THAT REGION IF THOSE VALUES DIFFER.]

18 * Sec. 15. AS 43.76.028 is amended to read:

19 Sec. 43.76.028. LIABILITY FOR TAX ON SALMON SHIPPED FROM STATE. (a)
20 The owner of salmon removed from the state is liable for payment of a salmon marketing tax
21 imposed by AS 43.76.005 or a combined salmon marketing and enhancement tax imposed by
22 AS 43.76.010 or [,] 43.76.011 [, OR 43.76.012] if, at the time the salmon are removed from the
23 state, the tax payable on the salmon has not been collected by a buyer.

24 (b) If the owner of salmon is liable for payment of the salmon marketing tax or
25 combined salmon marketing and enhancement tax under (a) of this section, the owner shall
26 comply with the requirement of AS 43.76.025(b) to report the owner's liability for payment of
27 the tax.

28 * Sec. 16. DEFERRAL OF PAYMENT OF PRINCIPAL AND INTEREST ON CERTAIN FISHERY
29 ENHANCEMENT LOANS. (a) The repayment of principal and the accrual of interest on fishery
30 enhancement loans made under AS 16.10.510 for which the initial period of the loan, as determined by
31 the commissioner of commerce and economic development under AS 16.10.525, has elapsed on or before

1 the effective date of this section is deferred for three years from the effective date of this section.

2 (b) The repayment of principal and the accrual of interest on fishery enhancement loans made
3 under AS 16.10.510 for which the initial period of the loan, as determined by the commissioner of
4 commerce and economic development under AS 16.10.525, elapses within three years from the effective
5 date of this section is deferred for three years from the date on which the initial period of the loan
6 elapses.

7 * Sec. 17. INITIAL TERMS OF NEW MEMBERS OF THE BOARD OF DIRECTORS OF THE
8 ALASKA SEAFOOD MARKETING INSTITUTE. The persons initially appointed to the new positions
9 added to the board of directors of the Alaska Seafood Marketing Institute by secs. 1 and 2 of this Act
10 shall be appointed to three-year terms.

11 * Sec. 18. TRANSITION; EXISTING SALMON ENHANCEMENT TAX LEVIES. (a) A three
12 percent salmon enhancement tax levied under AS 43.76.010 that is in effect on the effective date of this
13 section is for all purposes a three percent combined salmon marketing and enhancement tax levied under
14 AS 43.76.010, as amended by sec. 7 of this Act. Notwithstanding AS 43.76.010(b), as amended by sec.
15 7 of this Act, a new election is not required to approve the three percent combined salmon marketing
16 and enhancement tax imposed by this subsection.

17 (b) A two percent salmon enhancement tax levied under AS 43.76.011 that is in effect on the
18 effective date of this section is for all purposes a two percent combined salmon marketing and
19 enhancement tax levied under AS 43.76.011, as amended by sec. 8 of this Act. Notwithstanding
20 AS 43.76.011(b), as amended by sec. 8 of this Act, a new election is not required to approve the two
21 percent combined salmon marketing and enhancement tax imposed by this section.

22 (c) A one percent salmon enhancement tax levied under AS 43.76.012 that is in effect on the
23 effective date of this section is terminated on the effective date of this section.

24 * Sec. 19. AS 43.76.012 is repealed.

25 * Sec. 20. Sections 6 - 16, 18, and 19 of this Act take effect January 1, 1993.