

CS FOR HOUSE BILL NO. 275(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/14/93

Referred: Rules

Sponsor(s): REPRESENTATIVE HUDSON

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the Alaska Seafood Marketing Institute, a salmon marketing
2 tax, and reduction of the salmon enhancement tax; and providing for an effective
3 date."

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

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

6 (a) The governing body of the institute is a board of directors. The board
7 consists of 24 [18] voting members appointed by the governor. In making
8 appointments to the board, the governor shall consider, but need not appoint, nominees
9 presented by persons engaged in fish processing, the financing of fish processing, or
10 commercial fishing.

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

12 (b) Twelve members of the board shall be seafood processors: eight of the
13 seafood processors must have an annual payroll in the state of more than \$2,500,000
14 [\$1,000,000 OR MORE]; four of the seafood processors must have an annual payroll

1 in the state of \$50,000 - \$2,500,000. Twelve [\$1,000,000. FIVE] members of the
2 board must be engaged in commercial fishing. [ONE MEMBER OF THE BOARD
3 SHALL BE A LAY PERSON SELECTED BY THE GOVERNOR.]

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

5 Sec. 16.51.050. QUORUM. Fourteen [TEN] members of the board appointed
6 under AS 16.51.020 constitute a quorum for the transaction of business and the
7 exercise of the powers and duties of the board.

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

9 Sec. 16.51.090. POWERS OF BOARD. In carrying out the powers of the
10 institute, the board may

- 11 (1) adopt, alter, and use a corporate seal;
- 12 (2) prescribe, adopt, amend, and repeal bylaws;
- 13 (3) sue and be sued in the name of the institute;
- 14 (4) enter into any agreements necessary to the exercise of its powers
15 and functions;
- 16 (5) cooperate with a public or private board, organization, or agency
17 engaged in work or activities similar to the work or activities of the institute, including
18 entering into contracts for joint programs of consumer education, sales promotion,
19 quality control, advertising, and research in the production, processing, or distribution
20 of seafood;
- 21 (6) conduct, or contract for, scientific research to develop and discover
22 health, dietetic, or other uses of seafood harvested and processed in the state;
- 23 (7) receive contributions of money from persons;
- 24 (8) establish offices in the state and otherwise incur expenses incidental
25 to the performance of its duties;
- 26 (9) appear on behalf of the institute before boards, commissions,
27 departments, or other agencies of municipal, state, or federal government;
- 28 (10) acquire, hold, lease, sell, or otherwise dispose of property, but such
29 property is limited to that which is necessary to the administrative functioning of the
30 office of the institute;
- 31 (11) establish and maintain one or more bank accounts for the

1 transaction of the institute's business;

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

5 (13) establish an executive board to assist the board in efficiently
6 exercising the board's powers and duties under this chapter; the executive board
7 shall consist of seven members selected from and by the board and shall include
8 at least three members who are engaged in commercial fishing;

9 (14) establish committees related to the marketing of salmon and
10 salmon products; the board shall, to the extent practicable, appoint equal
11 numbers of seafood processors and persons engaged in commercial fishing to the
12 committees.

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

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

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

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

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

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

26 (5) submit an annual report to the governor and the legislature
27 describing the activities of the institute; [AND]

28 (6) develop marketing programs based on the "inspection" and
29 "premium quality" seals designed under AS 03.05.026 [,] and use the seals in
30 advertising and promotion efforts of the institute;

31 (7) collect, organize, distribute, and make available to the public

1 information on prices paid and market conditions for raw salmon and salmon
2 products and provide this information on a regular and timely basis to all salmon
3 fishermen who hold permits under AS 16.43 and to all nonprofit salmon
4 enhancement organizations that hold a permit under AS 16.10.400:

5 (8) cooperate with commercial salmon fishermen, fishermen's
6 organizations, seafood processors, the Alaska Fisheries Development Foundation,
7 the Fisheries Industrial Technology Center, state and federal agencies, and other
8 relevant persons and entities to investigate market reception to new salmon
9 product forms and develop commodity standards and future markets for salmon
10 products.

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

12 Sec. 43.76.023. REDUCTION OF SALMON ENHANCEMENT TAX. (a)

13 If a salmon marketing tax levied under AS 43.76.110 - 43.76.130 is in effect, a salmon
14 enhancement tax levied under AS 43.76.010 may be reduced to a two percent salmon
15 enhancement tax by the commissioner of revenue upon majority vote at an election
16 held under AS 43.76.015 in the region in which the salmon enhancement tax is levied.

17 (b) A salmon enhancement tax shall be reduced by the commissioner of
18 revenue under (a) of this section following an election in a region if

19 (1) a petition is presented to the commissioner of commerce and
20 economic development requesting reduction of the salmon enhancement tax that is
21 signed by at least 25 percent of the number of persons who voted under AS 43.76.015
22 in the election approving the salmon enhancement tax in the region;

23 (2) the commissioner of commerce and economic development
24 determines that the reduction of the salmon enhancement tax to two percent will not
25 significantly jeopardize repayment of outstanding loans to the qualified regional
26 association under AS 16.10.510 that are secured by the tax;

27 (3) an election is held in accordance with AS 43.76.015(a), (c), and (d);
28 the ballot must ask the question whether the salmon enhancement tax for the region
29 shall be reduced to two percent; the ballot must be worded so that a "yes" vote is for
30 reduction of the salmon enhancement tax to two percent and a "no" vote is for
31 continuation of the three percent salmon enhancement tax;

1 (4) a majority of the eligible interim-use permit and entry permit
2 holders who vote in the election cast a ballot for the reduction of the salmon
3 enhancement tax; and

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

8 (c) An election to reduce a salmon enhancement tax under this section shall
9 be held within 90 days after the commissioner of commerce and economic
10 development receives a valid petition under (b)(1) of this section, unless the
11 commissioner authorizes an extension of the election date in order to provide for an
12 orderly election.

13 (d) If approved, the reduction of the salmon enhancement tax takes effect on
14 the date set out in the ballot.

15 (e) If the salmon marketing tax levied under AS 43.76.110 - 43.76.130 is
16 repealed, then on the effective date of the repeal of the salmon marketing tax, the three
17 percent salmon enhancement tax is automatically reinstated in a region that has voted
18 to reduce the salmon enhancement tax under this section, so long as the salmon
19 enhancement tax in the region has not been terminated or amended under
20 AS 43.76.015 or 43.76.020 after the salmon enhancement tax is reduced under this
21 section.

22 * Sec. 7. AS 43.76 is amended by adding new sections to read:

23 ARTICLE 2. SALMON MARKETING TAX.

24 Sec. 43.76.110. SALMON MARKETING TAX. A person holding a limited
25 entry permit or interim-use permit under AS 16.43 shall pay a salmon marketing tax
26 at the rate of one percent of the value, as defined in AS 43.75.290, of salmon that the
27 person removes from the state or transfers to a buyer in the state. The buyer shall
28 collect the salmon marketing tax at the time the salmon is acquired by the buyer.

29 Sec. 43.76.120. COLLECTION OF TAX. (a) A buyer who acquires salmon
30 that is subject to a salmon marketing tax imposed by AS 43.76.110 shall collect the
31 salmon marketing tax at the time of purchase and shall remit the total salmon

1 marketing tax collected during each month to the Department of Revenue by the last
2 day of the next month.

3 (b) A buyer who collects the salmon marketing tax shall

4 (1) maintain records of the value of salmon purchased in the state;

5 (2) report to the Department of Revenue by March 1 of each year the
6 total value, as defined in AS 43.75.290, of the salmon that the buyer has acquired
7 during the preceding year.

8 (c) The owner of salmon removed from the state is liable for payment of
9 a salmon marketing tax imposed by AS 43.76.110 if, at the time the salmon is
10 removed from the state, the tax payable on the salmon has not been collected by a
11 buyer. If the owner of the salmon is liable for payment of the salmon marketing tax
12 under this subsection, the owner shall comply with the requirements under (a) and (b)
13 of this section to remit the tax to the Department of Revenue, to maintain records, and
14 to report to the Department of Revenue.

15 (d) The salmon marketing tax collected under this section shall be deposited
16 in the general fund. The legislature may appropriate revenue generated by the salmon
17 marketing tax to the Alaska Seafood Marketing Institute for the purpose of supporting
18 the institute's salmon marketing program under AS 16.51.100(7) and (8) and the
19 institute's domestic salmon marketing program. Except as otherwise provided in an
20 appropriation by the legislature, the amount of the allocation made to the institute's
21 salmon marketing program under AS 16.51.100(7) and (8) should not exceed 10
22 percent of the total amount of salmon marketing tax revenue appropriated for the
23 institute.

24 Sec. 43.76.130. DEFINITION. In AS 43.76.110 - 43.76.130, "buyer" means
25 a person who acquires possession of salmon from the person who caught the salmon
26 regardless of whether there is an actual sale of the salmon, but does not include a
27 person engaged solely in interstate transportation of goods for hire.

28 * Sec. 8. TRANSITION FOR MEMBERS OF THE BOARD OF DIRECTORS OF THE
29 ALASKA SEAFOOD MARKETING INSTITUTE. (a) Notwithstanding AS 16.51.020(b),
30 as amended by sec. 2 of this Act, and (c) of this section, a person who is serving as a member
31 of the board of directors of the Alaska Seafood Marketing Institute on the day before the

1 effective date of sec. 2 of this Act may continue to serve as a member of the board for the
2 remainder of the term to which the person was appointed.

3 (b) As soon as practicable after the effective date of sec. 1 of this Act, the governor
4 shall appoint six persons engaged in commercial fishing to the new memberships created on
5 the board of directors of the Alaska Seafood Marketing Institute by secs. 1 and 2 of this Act.
6 Notwithstanding AS 16.51.030, the governor shall appoint two persons appointed under this
7 subsection to one-year terms, two persons appointed under this subsection to two-year terms,
8 and two persons appointed under this subsection to three-year terms.

9 (c) Notwithstanding AS 16.51.020(b), as amended by sec. 2 of this Act, the governor
10 shall appoint a person engaged in commercial fishing to the membership on the board of
11 directors of the Alaska Seafood Marketing Institute that is vacated by the lay person member.
12 If a person is appointed under this subsection to fill a vacancy arising other than by the
13 expiration of a term of office, the person shall be appointed to complete the remainder of the
14 unexpired term.

15 * Sec. 9. AS 43.76.110, 43.76.120, and 43.76.130 are repealed June 30, 1998.

16 * Sec. 10. AS 16.51.100(7) and 16.51.100(8) are repealed June 30, 1999.

17 * Sec. 11. Section 7 of this Act takes effect July 1, 1993.