

HOUSE BILL NO. 303
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE MOSES

Introduced: 5/7/93

Referred: House Special Committee on Fisheries, Resources, State Affairs, Judiciary, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the Alaska commercial fisheries development endowment; and
2 providing for an effective date."

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

4 * Section 1. FINDINGS. The legislature finds that

5 (1) the commercial fishing industry is the state's largest employer and second
6 largest source of earnings from the export of state resources;

7 (2) the State of Alaska has invested nearly \$1,000,000,000 in loan guarantees
8 to the commercial fishing industry and in fisheries production and enhancement facilities, as
9 well as millions of other dollars in seafood marketing and fisheries management and
10 enforcement efforts;

11 (3) a healthy, vibrant, and competitive commercial fishing industry is important
12 to state revenues, the commercial fishing communities of the state, and the tens of thousands
13 of residents employed in the industry;

14 (4) many of the state's fisheries are in financial difficulty due to such factors

1 as changing market conditions and new market competitors, the need for new products and
2 processing methods, historic harvesting inefficiencies, high debt load and over capitalization,
3 and the lack of a cohesive, statewide fisheries development policy;

4 (5) there has been a continuing decline in funding for seafood research and
5 technology transfer under the federal Saltonstall-Kennedy program and the federal Sea Grant
6 program over the past several years;

7 (6) the commercial fishing industry in the state requires a stable source of
8 funding to support comprehensive seafood development programs to maintain the health of
9 the industry and to enable the industry to respond to rapidly growing competition in markets
10 once dominated by the state's industry;

11 (7) opportunities and problems facing the industry most frequently involve a
12 web of marketing, technological, and processing variables that must be addressed
13 simultaneously to enable the industry to compete effectively in changing world markets;

14 (8) the University of Alaska Fishery Industrial Technology Center, the Alaska
15 Seafood Marketing Institute, and the Alaska Fisheries Development Foundation, as well as the
16 processing and fishing sectors of the industry, are all essential members of a united effort
17 towards solving the problems of the industry; and

18 (9) a commercial fisheries development endowment is an essential investment
19 on the state's part in order to restore the commercial fishing industry to its former position
20 as the preferred supplier of quality seafood products to the world.

21 * Sec. 2. AS 37.14 is amended by adding new sections to read:

22 ARTICLE 4A. ALASKA COMMERCIAL FISHERIES
23 DEVELOPMENT ENDOWMENT.

24 Sec. 37.14.350. ALASKA COMMERCIAL FISHERIES DEVELOPMENT
25 ENDOWMENT ESTABLISHED. (a) The Alaska commercial fisheries development
26 endowment is established in the Department of Revenue as a separate endowment trust
27 fund of the state. The principal of the endowment consists of legislative appropriations
28 to the endowment.

29 (b) The purpose of the endowment is to

30 (1) foster the development of the commercial fishing industry;

31 (2) assure continued support for cooperative development programs for

1 the commercial fishing industry;

2 (3) underwrite commercial fisheries and seafood development
3 programs important to the commercial fishing industry;

4 (4) promote an effective response by the state's commercial fishing
5 industry to increased competition in domestic and world markets for seafood products.

6 Sec. 37.14.360. ADMINISTRATION OF ENDOWMENT (a) There is created
7 in the Department of Commerce and Economic Development the Alaska Commercial
8 Fisheries Development Endowment Board.

9 (b) The board consists of the executive director of the Alaska Seafood
10 Marketing Institute, the director of the University of Alaska Fishery Industrial
11 Technology Center, the executive director of the Alaska Fisheries Development
12 Foundation, and seven persons appointed by the governor. The appointed members
13 of the board serve at the pleasure of the governor for staggered three-year terms.
14 Members of the board do not receive a salary, but are entitled to per diem and
15 expenses authorized for boards and commissions under AS 39.20.180. The appointed
16 members of the board include:

17 (1) one person from a list of persons engaged in the commercial fishing
18 industry submitted by the board of directors of the Alaska Seafood Marketing Institute;

19 (2) one person from a list of persons engaged in the commercial fishing
20 industry submitted by the board of advisors of the University of Alaska Fishery
21 Industrial Technology Center;

22 (3) one person from a list of persons engaged in the commercial fishing
23 industry submitted by the board of directors of the Alaska Fisheries Development
24 Foundation;

25 (4) one person from a list of persons engaged in the commercial fishing
26 industry submitted by the board of directors of the Pacific Seafood Processors
27 Association;

28 (5) one person from a list of persons engaged in the commercial fishing
29 industry submitted by the board of directors of the United Fishermen of Alaska;

30 (6) one person from a list of persons engaged in the commercial fishing
31 industry submitted by the commissioner of commerce and economic development;

1 (7) one person from a list of persons engaged in the marketing industry
2 submitted by the other members of the Alaska Commercial Fisheries Development
3 Endowment Board.

4 (c) The board shall

5 (1) administer the Alaska commercial fisheries development endowment
6 program;

7 (2) make grants for the support of industry-designed and industry-
8 directed commercial fishing industry development programs and projects that are
9 generally vertically integrated, market driven, sustained, and flexibly planned;

10 (3) determine development needs of the commercial fisheries and
11 seafood industries and develop programs and projects to address these needs;

12 (4) adopt regulations to prescribe the manner for awarding grants under
13 (2) of this subsection and, as necessary, to implement this section;

14 (5) meet at least twice each year; the board may hold special meetings
15 as it considers necessary and may hold meetings by teleconference;

16 (6) keep a record of all board meetings;

17 (7) submit a report on activities of the board and on expenditures and
18 grants by the board to the governor and the legislature by February 1 of each year.

19 Sec. 37.14.370. UTILIZATION OF ENDOWMENT. (a) The principal of the
20 endowment and any capital gains or losses realized on the principal shall be retained
21 perpetually in the fund for investment as specified in AS 37.14.380.

22 (b) The net income account of the endowment may be appropriated for the
23 following purposes:

24 (1) grants by the board for commercial fishing industry development
25 programs and projects under AS 37.14.360;

26 (2) the administrative expenses of the board, including reviews of
27 commercial fishing industries development programs and projects and audits of
28 programs and projects funded by the board;

29 (3) reimbursement to the department for the reasonable costs of
30 establishing and managing the fund.

31 (c) Net income of the endowment that, at the end of the fiscal year, has not

1 been appropriated or that has been appropriated but not paid to the board or the
2 department shall be invested until appropriated and paid. Income earned under this
3 subsection may be appropriated for the purposes of the endowment.

4 **Sec. 37.14.380. POWERS AND DUTIES OF THE COMMISSIONER OF**
5 **REVENUE.** The commissioner of revenue is the treasurer of the endowment and has
6 the power and duty to

7 (1) act as official custodian of the cash and investments belonging to
8 the endowment by securing adequate and safe custodial facilities;

9 (2) receive all items of cash and investments belonging to the
10 endowment;

11 (3) collect the principal and income from investments owned or
12 acquired by the endowment and deposit the amounts in separate principal and income
13 accounts for the endowment;

14 (4) invest and reinvest the assets of the endowment as provided in this
15 section and as provided for the investment of funds under AS 37.14.170;

16 (5) exercise the powers of an owner with respect to the assets of the
17 endowment;

18 (6) maintain accounting records of the endowment in accordance with
19 investment accounting principles and with distinction between the principal and income
20 accounts of the endowment;

21 (7) engage an independent firm of certified public accountants to
22 annually audit the financial condition of the endowment's investments and investment
23 transactions;

24 (8) enter into and enforce contracts or agreements considered necessary
25 for the investment purposes of the endowment;

26 (9) report to the board and to the legislature the condition and
27 investment performance of the endowment;

28 (10) adopt regulations necessary to implement the commissioner's
29 powers and duties under AS 37.14.350 - 37.14.390;

30 (11) do all acts, whether or not expressly authorized, necessary or
31 proper in administering the assets of the endowment.

1 **Sec. 37.14.390. DEFINITIONS. In AS 37.14.350 - 37.14.390,**
2 (1) "board" means the Alaska Commercial Fisheries Development
3 **Endowment Board;**
4 (2) "department" means the Department of Revenue;
5 (3) "endowment" means the Alaska commercial fisheries development
6 **endowment.**
7 * **Sec. 3.** AS 37.14.350, 37.14.360, 37.14.370, 37.14.380, and 37.14.390 are repealed
8 December 31, 2003.
9 * **Sec. 4. INITIAL APPOINTMENTS TO THE ALASKA COMMERCIAL FISHERIES**
10 **DEVELOPMENT ENDOWMENT BOARD.** The persons initially appointed to fill the
11 positions of appointed members of the Alaska Commercial Fisheries Development Endowment
12 Board shall be appointed to initial terms as provided by AS 39.05.055(5).
13 * **Sec. 5.** This Act takes effect immediately under AS 01.10.070(c).