

CS FOR SENATE BILL NO. 177(L&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 4/14/93
Referred: FINANCE

Sponsor(s): SENATE FINANCE COMMITTEE

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 25 [18] voting members appointed by the governor. [IN MAKING
8 APPOINTMENTS TO THE BOARD THE GOVERNOR SHALL CONSIDER, BUT
9 NEED NOT APPOINT, NOMINEES PRESENTED BY PERSONS ENGAGED IN
10 FISH PROCESSING, THE FINANCING OF FISH PROCESSING, OR
11 COMMERCIAL FISHING.]

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

13 (b) Twelve members of the board shall be seafood processors: eight of the
14 seafood processors must have an annual payroll in the state of more than \$2,500,000

1 [\$1,000,000 OR MORE]; four of the seafood processors must have an annual payroll
2 in the state of \$50,000 - \$2,500,000. Twelve [\$1,000,000. FIVE] members of the
3 board must be engaged in commercial fishing. One member of the board shall be a
4 lay person selected by the governor.

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

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

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

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

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

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

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

15 (4) enter into any agreements necessary to the exercise of its powers

16 and functions;

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

18 engaged in work or activities similar to the work or activities of the institute, including

19 entering into contracts for joint programs of consumer education, sales promotion,

20 quality control, advertising, and research in the production, processing, or distribution

21 of seafood;

22 (6) conduct, or contract for, scientific research to develop and discover

23 health, dietetic, or other uses of seafood harvested and processed in the state;

24 (7) receive contributions of money from persons;

25 (8) establish offices in the state and otherwise incur expenses incidental

26 to the performance of its duties;

27 (9) appear on behalf of the institute before boards, commissions,

28 departments, or other agencies of municipal, state, or federal government;

29 (10) acquire, hold, lease, sell, or otherwise dispose of property, but such

30 property is limited to that which is necessary to the administrative functioning of the

31 office of the institute;

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

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

6 (13) establish committees related to the marketing of salmon and
7 salmon products; the board shall, to the extent practicable, appoint equal
8 numbers of seafood processors and persons engaged in commercial fishing to the
9 committees.

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

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

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

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

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

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

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

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

28 (7) collect, organize, and distribute information on prices paid and
29 market conditions for raw salmon and salmon products and provide this
30 information on a regular and timely basis to all salmon fishermen who hold
31 permits under AS 16.43, to licensed fish processors and fish buyers, and to all

1 nonprofit salmon enhancement organizations that hold a permit under
2 AS 16.10.400; the board shall also provide information collected under this
3 paragraph to the public upon request;

4 (8) cooperate with commercial salmon fishermen, fishermen's
5 organizations, seafood processors, the Alaska Fisheries Development Foundation,
6 the Fisheries Industrial Technology Center, state and federal agencies, and other
7 relevant persons and entities to investigate market reception to new salmon
8 product forms and to explore the development of commodity exchanges and
9 futures markets for salmon products; and

10 (9) establish a salmon marketing committee to assist and advise the
11 board in administering the domestic salmon marketing program that is funded
12 through the tax collected under AS 43.76; the committee shall consist of seven
13 persons selected by the board, as follows

14 (A) four persons shall be engaged in commercial salmon
15 fishing and hold salmon permits under AS 16.43, of whom

16 (i) one person shall be a member of the board of
17 directors of the institute; and

18 (ii) three persons shall be Alaska residents from
19 different salmon administrative areas established by the Alaska
20 Commercial Fisheries Entry Commission; and

21 (B) three persons shall be engaged in processing of salmon,
22 of whom

23 (i) one person shall be a member of the board of
24 directors of the institute;

25 (ii) one person shall be a salmon processor who is not
26 on the board of directors of the institute and who has an annual
27 payroll in the state of more than \$2,500,000; and

28 (iii) one person shall be a salmon processor who is
29 not on the board of directors of the institute and who has an annual
30 payroll in the state of \$50,000 - \$2,500,000.

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

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

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

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

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

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

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

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

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

28 (c) An election to reduce a salmon enhancement tax under this section shall
29 be held within 90 days after the commissioner of commerce and economic
30 development receives a valid petition under (b)(1) of this section, unless the
31 commissioner authorizes an extension of the election date in order to provide for an

1 orderly election.

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

4 (e) If the salmon marketing tax levied under AS 43.76.110 - 43.76.130 is
5 repealed, then on the effective date of the repeal of the salmon marketing tax, the full
6 salmon enhancement tax is automatically reinstated in a region that has voted to reduce
7 the salmon enhancement tax under this section, so long as the salmon enhancement tax
8 in the region has not been terminated or amended under AS 43.76.015 or 43.76.020
9 after the salmon enhancement tax is reduced under this section.

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

11 ARTICLE 2. SALMON MARKETING TAX.

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

17 Sec. 43.76.120. COLLECTION OF TAX. (a) A buyer who acquires salmon
18 that is subject to a salmon marketing tax imposed by AS 43.76.110 shall collect the
19 salmon marketing tax at the time of purchase and shall remit the total salmon
20 marketing tax collected during each month to the Department of Revenue by the last
21 day of the next month.

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

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

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

27 (c) The owner of salmon removed from the state is liable for payment of a
28 salmon marketing tax imposed by AS 43.76.110 if, at the time the salmon is removed
29 from the state, the tax payable on the salmon has not been collected by a buyer. If the
30 owner of the salmon is liable for payment of the salmon marketing tax under this
31 subsection, the owner shall comply with the requirements under (a) and (b) of this

1 section to remit the tax to the Department of Revenue, to maintain records, and to
2 report to the Department of Revenue.

3 (d) The salmon marketing tax collected under this section shall be deposited
4 in the general fund. The legislature may appropriate revenue generated by the salmon
5 marketing tax to the Alaska Seafood Marketing Institute for the purpose of supporting
6 the institute's salmon marketing program under AS 16.51.100(7) - (9) and the
7 institute's domestic salmon marketing program. Except as otherwise provided in an
8 appropriation by the legislature, the amount of the allocation made to the institute's
9 salmon marketing program under AS 16.51.100(7) and (8) should not exceed 10
10 percent of the total amount of salmon marketing tax revenue appropriated for the
11 institute.

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

16 * Sec. 8. TRANSITION FOR MEMBERS OF THE BOARD OF DIRECTORS OF THE
17 ALASKA SEAFOOD MARKETING INSTITUTE. (a) Notwithstanding AS 16.51.020(b),
18 as amended by sec. 2 of this Act, a person who is serving as a member of the board of
19 directors of the Alaska Seafood Marketing Institute on the day before the effective date of
20 sec. 2 of this Act may continue to serve as a member of the board for the remainder of the
21 term to which the person was appointed.

22 (b) As soon as practicable after the effective date of sec. 1 of this Act, the governor
23 shall appoint seven persons engaged in commercial fishing to the new memberships created
24 on the board of directors of the Alaska Seafood Marketing Institute by secs. 1 and 2 of this
25 Act. Notwithstanding AS 16.51.030, the governor shall appoint two persons appointed under
26 this subsection to one-year terms, two persons appointed under this subsection to two-year
27 terms, and three persons appointed under this subsection to three-year terms.

28 * Sec. 9. AS 43.76.110, 43.76.120, and 43.76.130 are repealed June 30, 1999.

29 * Sec. 10. AS 16.51.100(7), 16.51.100(8), and 16.51.100(9) are repealed June 30, 2000.

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