

H B

198

COMMITTEE REPORT

HOUSE

2/19/81

FURTHER: FINANCE

(11)

Date: March 31, 1981

Mr Speaker:

The Committee on RESOURCES has had HB 198

"An Act establishing the Alaska Seafood Marketing Institute; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s) same title
- replace with CS for _____ new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

Denial - No Rec

[Signature]
CO-CHAIRMAN

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K-STATE CAPITOL
JUNEAU, ALASKA 99811

465-3600

June 26, 1980

The Honorable Jay S. Hammond
Governor
State of Alaska
Pouch A
Juneau, Alaska 99811

Re: SCS CSHB 962 (fisheries
business tax grant fund)
Our File: J-88-136-80

Dear Governor Hammond:

At your request, we have reviewed SCS CSHB 962, creating the fisheries business tax grant fund and providing for grants to certain nonprofit corporations. The Department of Revenue is recommending a veto of this bill.

Primarily, this bill provides a mechanism for funding a certain type of association in the fishing industry. The mechanism proposed is a grant fund created in the Department of Revenue which may be financed only by appropriations from the legislature. Apart from the objection raised by the Department of Revenue, we have serious objections to the bill because of the proposed AS 16.10.660, on grants. We believe that the description of the potential grantees is, at best, of marginal legal validity and in any event represents extremely bad precedent.

The proposed AS 16.10.660 provides that grants may be made only to certain types of nonprofit corporations, and are not to exceed 15 percent of taxes paid during the preceding year under AS 43.75.015 or AS 43.75.100 by the members of the nonprofit corporation. Subsection (b) of the proposed AS 16.10.660 describes the types of nonprofit corporations that are eligible for the grant. The description of the type of nonprofit corporation looks remarkably like, and has many of the attributes of, a state agency. The nonprofit

organization must be organized for the purpose of assisting the Alaska seafood industry to improve the quality and purity of seafood produced in Alaska, and assist in the development and maintenance of markets for seafood produced in Alaska. It would provide services for fishermen, establish quality control programs for its members, prepare market research and product development for the promotion of all species of fish; it may not be organized for the purpose of promoting any seafood products harvested other than in Alaska. It must submit annual reports to the governor and legislature describing its activities, permit the commissioner of revenue and the legislative audit division to inspect its offices and accounts to determine whether or not it is meeting the criteria specified for the nonprofit corporation, have its main offices in the state, and provide that the annual meeting of the membership and all meetings of the full board shall be in the state.

It must also include on its board of directors three non-voting members, one appointed by the governor, one appointed by the president of the senate, and one appointed by the speaker of the house. To the extent that such a corporation is a state agency, appointment of members by persons other than the governor violates the governor's appointment authority under art. III of the Alaska Constitution. To the extent that it performs state functions and is not under the supervision of the governor, even if not considered a state agency, it violates art. III anyway. See art. III, secs. 1, 22, and 24, Alaska Constitution.

In essence, this bill represents a creative approach which is of extremely doubtful constitutional validity. It sets up a quasi-governmental agency, which is to carry out certain functions prescribed by law, funded by state funds, but not under the direct control of the administration. On these grounds alone, even without the constitutional or other legal problems, we would recommend vetoing the bill.

Sincerely,

Wilson L. Condon
Attorney General

by *Arthur H. Peterson*

Alaska Seafood Foundation

"Promoting Alaska's Seafood"

THE ALASKA SEAFOOD MARKETING INSTITUTE - A BRIEFING PAPER

What is the Institute?

The A.S.M.I. is a private non-profit corporation of seafood processors and fishermen formed last year as a result of the disastrous market disruptions that hit the Alaska seafood industry. Legislation and funding for A.S.M.I. passed the legislature in 1980, but was vetoed due to constitutional problems. Despite the veto, the governor supported the concept, and provided \$1.2 million to continue to develop the idea through the Alaska Renewable Resources Corporation.

A.S.M.I. is directed by a 22-member board; 18 voting members representing fishermen, large and small processors, and four non-voting members representing the legislature, the Administration, and the A.R.R.C. Dues-paying members currently represent a large percentage of the seafood processed in Alaska.

The overall goal of the A.S.M.I. is to promote consumption and stabilize market demand for Alaska seafood products through generic promotion and advertising directed to national and international consumers. The A.S.M.I. is also developing quality assurance guidelines for its members to insure Alaska's reputation as a producer of excellent quality seafood products.

Why should the State of Alaska assist in the funding of A.S.M.I.?

Fisheries are the state's largest private employer. The industry has been, and will continue to be the backbone of many communities in the state. The concept of a marketing association is a proven one, and the industry supported various species promotion groups at a combined level of \$807,000 in 1980. However, the crisis that the fishing industry is in makes it impossible to do the long-range market development work necessary to support the marketing of existing species, and develop markets for the bottomfish resources of Alaska. A partnership between the state and the industry will allow for planned and proven real growth in the fishing industry that will stabilize the income for all Alaskans involved in, and associated with the fishing industry.

The primary example of the need for a state-supported marketing group is the fact that in the fourth largest year in history for the salmon industry, the value of Alaska's fisheries products declined to the fishermen--from \$606 million in 1979 to \$531 million in 1980. Because of the collapse of Alaska's primary market, Japan, the price for nearly every species harvested in the state dropped during a period of high inflation.

Generic marketing is not a new concept. The state currently supports the \$280 million tourism industry with approximately \$3 million in public monies annually. The Florida Citrus Growers annual budget is \$50 million, California Avocado Growers spend \$5 million, Washington spends about \$3 million annually promoting apples, and the California Dairy Association spends about \$14 million in California alone promoting milk. Many coastal states have developed and supported seafood marketing groups.

What has the A.S.M.I. done with the \$1.2 million for this fiscal year?

Almost the entire budget is going directly to advertising and promotional efforts. \$730,500 is going to support existing promotional groups--\$481,000 for canned and frozen salmon, \$215,500 to King and Snow Crab, and \$34,000 for Halibut. This money is being used to match what the industry is already devoting. Among the results is a national radio advertising campaign with supporting recipes and promotional materials urging people to "Buy Salmon" in 21 major cities across the country, beginning February 2, 1981.

One of the most important projects is a \$50,000 marketing plan. This plan will provide market research and strategy development regarding consumers, or potential consumers of Alaska seafood. With a solid base of marketing information built, the A.S.M.I. will be able to target our efforts so that marketing dollars will provide the greatest return. The plan will also provide a baseline to measure the success or failure of the A.S.M.I. The marketing strategy will indicate budget levels that are based on a greater return on investment than the cost of the program, to insure that the state and the industry are using their money wisely.

\$20,000 is being used to develop bottomfish strategy and basic marketing materials. The goal of A.S.M.I. is to help the most people in the industry to the greatest degree possible, which means that we won't be spending a lot of money promoting bottomfish until there are a lot of Americans harvesting and processing bottomfish. Outside of administrative expenses the balance of the 1980 A.S.M.I. budget is unallocated.

Why target on high-value species like Salmon & Crab rather than Bottomfish?

As mentioned above, the goal is to help create a healthy industry--that means working to increase the market demand for existing species. Unless the industry is making money on their primary products there is no incentive to move into the riskier bottomfish fisheries. Products like frozen salmon and blackcod (sablefish) represent an area of great potential for the industry--and marketing efforts will follow the growth of the products.

Why should the state support a group that includes non-Alaskan companies?

The reality of the Alaskan fishing industry is that much of the ownership is "outside". However, it is a labor intensive industry, and much of the economy generated from the industry remains in Alaska. The goal of an industry-wide promotional group is to promote a healthier market for the entire industry, that means working in close concert with the strength of the industry.

Is the A.S.M.I. organized to help "big guys" or the "little guys"? What is A.S.M.I. doing to help the fishermen?

The efforts of A.S.M.I. are designed to help everyone. Fishermen, major and small processors sit on the board, and all will benefit from the programs. As "target areas" are defined, the marketing efforts of all the companies will be directed to take advantage of the promotion. Smaller companies will be able to utilize promotional material developed by A.S.M.I., and also target their marketing plans to follow the "bulldozer" efforts of the A.S.M.I. A.S.M.I. does not provide actual marketing services for any company--solely promotional and advertising efforts for the entire industry. The fishermen, by sitting on the board and participating in the committees, will gain and maintain a greater understanding of the total marketing of the products, and be in a better position to negotiate for their fair share of the results.

What about Japanese ownership?

More important than foreign ownership is the issue of market control. One of the primary reasons for the creation of the A.S.M.I. is to broaden the market base so that a collapse of one market won't throw the entire industry into a tailspin, as in 1979, and resulting in the disaster of Bristol Bay 1980, and the bankruptcy of many involved in the seafood industry.

If the state wishes to address the issue of greater Alaskan ownership of the fishery, the efforts of the A.S.M.I. should insure that any investment into the industry will be into a much healthier and more profitable situation than the current state of the Alaskan seafood industry.

What about quality control?

The industry recognizes that quality is the most important factor in marketing their products. The A.S.M.I. is developing quality guidelines for the members, and these guidelines will play an important role in the marketing strategy of the A.S.M.I. If the industry can effectively deal with the quality issue, it may be unnecessary for the state to get heavily involved in a new bureaucracy to monitor the quality control of Alaska's seafood products.



Canned Salmon Institute

SUITE 110, 190 QUEEN ANNE BLDG./SEATTLE, WASHINGTON 98109/206-284-8303

Canned Salmon Radio Blitz:

Canned Salmon is currently on the air with their first ever electronic media schedule in 21 markets over 65 radio stations. Early indications from the markets are very good. This Canned Salmon Blitz features three different radio commercials and will run until the end of March. Fred Sprague, Bob Kavet, Trevor Evans and Frank Horsley traveled to the markets to squeeze extra merchandising and on-air support for Canned Salmon. In every commercial, The Alaska Seafood Marketing Institute and The Salmon Institute receive sponsor identification. All stations are giving something extra. As an example, one New York station is giving away theater tickets for random drawings of recipe requests. Other extras include bonus radio spots, extra on-air disc jockey time, paying for trade ads in grocery publications and mailing trade letters to key salmon buyers.

Magazine Advertising:

The Salmon Institute is working with several companies and commodity groups to try to work out a national advertising magazine co-op program that is most advantageous to Canned Salmon. Some of the "partners" Canned Salmon might want to work with most have commitments clear into late summer. Final decision on Canned Salmon magazine ads will be decided within a few weeks.

On-going Salmon Institute Program:

The Salmon Institute is underway with an accelerated regular 1981 program that blends with the new radio blitz. Heavy

food publicity in newspapers and magazines is currently appearing. Film distribution, trade promotion and developing new recipe folders are under way. Luncheons are being set up for April featuring both Frozen and Canned Salmon. Special orders for point of sale materials are heavier now due to additional promotion.

Salmon
Consumer
Publicity:

Major editors across the country have already been contacted that Pacific Kitchen is their source of Fresh/Frozen Salmon materials as well as Canned.

Salmon
Foodservice
Publicity:

Foodservice magazine editors are being contacted and materials will be appearing in major foodservice magazines in a few months. Restaurant chains are now being contacted around the country to include Fresh/Frozen and Canned on their menus. These contacts started in Los Angeles and Dallas in mid-February.

Start-up
Photography for
Fresh/Frozen:

The Fresh/Frozen Salmon Committee of The Salmon Institute met in January to activate new programs for the promotion of Fresh/Frozen Alaska Salmon. The first activity was to start with color and black and white pictures for publicity and for use in brochures, ads, etc.

Educational
Brochure for
Fresh/Frozen:

The committee decided to gather some basic materials and would decide whether to do a separate brochure to be included as a special section in an over-all Alaska brochure or insert in a foodservice magazine.

Trade Shows
involving
all forms of
Salmon:

It was decided the Fresh/Frozen Salmon should be featured with other Alaska seafood products at the National Restaurant Show, May 16 - 20, 1981, The Western Restaurant Show, August 15 - 18, 1981, and the Anuga Show in Cologne, Germany in October. For the national and western shows the Canned Salmon booth would be revised and that both Canned and Fresh/Frozen materials would be given to foodservice operators. It was decided for the Anuga Show to build a first class booth and join other Alaska seafood products in a first class presentation. It was felt that the booth would be left in Europe and that the Salmon portion might be used in more than German and French shows.

Fresh/Frozen
Foodservice
Advertising:

The committee reviewed many different ads and selected a format with the same background of Salmon on ice to develop two final ads. These would be run in five magazines in April, May and June. The committee selected Restaurant Business, Restaurants and Institutions, Restaurant Hospitality, Nations Restaurant News and Frozen Food Age.

*Larry Kaner, Chairman
The Salmon Institute* BW

Larry Kaner
The Salmon Institute

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 198
 Title An Act establishing the Alaska Seafood Marketing Institute
 Requested by House Resources and Finance Committee Date 02/27/81

II. FISCAL DETAIL

Agency Affected _____
 Program Category Affected _____
 BRU, Program, or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND		(880.0)	(970.0)	(1,065.0)	(1,170.0)	(1,285.0)
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The above figures reflect the subsequent decrease in the fisheries business taxes (AS 43.75.015 and AS 43.75.100) if a tax credit is granted to partially fund the Alaska Seafood Marketing Institute. Assumptions are based on a 100% participation by the industry, a maximum 5% tax credit, and a 10% inflation rate for the years following a FY 1982 base year for which revenues have been estimated.

IV. DATE 02/27/81 PREPARED BY Robert W. Elliott
 AGENCY Revenue
 PHONE 465-2309
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 198
 Title An Act establishing the Alaska Seafood Marketing Institute
 Requested by House Resources Committee Date 2-25-81

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Revenue Collection and Management
 BRU, Program, or Subprogram(s) Affected Audit Division
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars) NONE

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars) NONE

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS NONE

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. DATE 3-4-81

PREPARED BY Gary J. Jenkins
 AGENCY Audit Division
 PHONE 465-2320

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

*Public App'd Dept of
Commerce but not by the Dept.*

PROPOSED CS FOR HB 198

CS House Bill No. 198

IN THE TWELFTH LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - FIRST SESSION

A BILL

APR 1970

For an Act entitled: "An Act establishing the Alaska Seafood Marketing Institute; providing for a seafood marketing assessment; and providing for an effective date."

Sec. 1. AS 16 is amended by adding a new chapter to read:

Sec. 16.51.005. FINDINGS AND PURPOSES. *Good enough.*

(a) The legislature finds that

(1) a joint state-industry effort to promote the stabilization, maintenance, quality control, and development of the seafood industry of Alaska, and the expansion of the seafood markets at the state, national, and international levels is in the public interest and a valid public purpose;

(2) the purpose of the fisheries business tax (AS. 43.75) is to enable the state to equitably continue its efforts toward overall fisheries related development programs such as the effort referred to in (a) (1) of this section. *In purposes that will directly benefit the fishing industry*

(b) the purposes of this chapter are to

(1) encourage the fishing industry in the state to make greater use of the fishing resources in the coastal and freshwater areas of the state;

(2) expand the range of species of seafood harvested by the fishing industry in the state;

(3) enable the fishing industry to maintain and enhance the quality and purity of seafood harvested and processed by fishermen and processors in the state;

(4) enable the fishing industry in the state to stimulate consumer identification of Alaska seafood to increase the use and consumption of seafood harvested and processed in the state;

(5) stabilize and diversify the distribution of seafood products processed and harvested in the state by encouraging consumers to purchase Alaska seafood.

Sec. 16.51.010 Alaska Seafood Marketing Institute Established. There is established the Alaska Seafood Marketing Institute, as a public corporation of the state. The Institute is an instrumentality of the state in the Department of Commerce and Economic Development, but has a legal existence independent of and separate from the state. Exercise by the Institute of the powers conferred by this chapter is an essential government function of the state.

Sec. 16.51.015 Board created.

(a) There is created the Alaska Seafood Marketing Institute board of directors, which consists of 18 members appointed by the governor, and 3 non-voting ex-officio members appointed by the governor, the president of the senate, and the speaker of the house of representatives.

(b) Nine members of the board must be persons who represent seafood processors having an annual payroll in the state of \$1,000,000. Four members of the board must be persons who represent seafood processors having an annual payroll in the state of at least \$100,000, but less than \$1,000,000. Five members of the board must be commercial fishermen representing fishermen's organizations from various regions in the state. Members shall serve terms of three years. Initial appointments of members are six members serving for one-year, six members serving for two years, and six members serving for three years.

(c) Members of the fishing industry may make recommendations to the governor of persons to serve on the board.

(d) Nine members of the board constitute a quorum.

(e) The board shall elect a chairman annually and shall hold at least one regular meeting a year. The chairman must be a member of the board. The board shall meet at the call of the chairman, or upon written request of two members of the board.

(f) Board members receive no salary, but are entitled to per diem and travel expense as authorized by the law for other board meetings and commissions.

Sec. 15.51.020 POWERS. In carrying out the powers of the Institute, the board may

- (1) adopt, alter, and use a corporate seal;
- (2) prescribe, adopt, amend, and repeal bylaws;
- (3) sue and be sued in the name of the Institute;
- (4) enter into any agreements necessary to the exercise of its powers and functions;

- (5) cooperate with a public or private board, organization, or agency engaged in work or activities similar to the work or activities of the Institute and make contracts and agreements with those organizations agencies for joint programs of consumer education, sales promotion, quality control, advertising and research in the production, processing or distribution of seafood;
- (6) conduct, or contract for scientific research to develop and discover health, dietetic or other uses of seafood harvested and processed in the state;
- (7) receive contributions of money from persons;
- (8) employ at its pleasure an executive director and other employees it considers necessary and prescribe their duties and fix their compensation.
- (9) establish offices in the state and incur expenses incidental to the performance of its duties;
- (10) appear in behalf of the Institute before boards, commissions, departments, or other agencies of municipal, state or federal government;
- (11) acquire, hold, use, lease, sell, or otherwise dispose of property of any kind, real, personal, or mixed, or an interest in it;
- (12) establish and maintain one or more bank accounts for the transaction of the Institute's business;
- (13) prepare market research and product development plans for the promotion of any species of fish and their by-products which may be harvested in the state and processed for sale;
- (14) do everything necessary or desirable to carry out the purposes of the Institute.

Sec. 16.51.025 DUTIES. The board shall

- (1) conduct programs of education, research, advertising or sales promotion designed to accomplish the purposes of this chapter;
- (2) prepare annually a budget of proposed expenses of the board to be incurred in carrying out this chapter;
- (3) provide promotional services for fishermen and processors of all species of fish and their by-products which are harvested in the state and processed for sale;
- (4) recommend quality control programs including product quality standards for seafood harvested and processed in the state;

- (5) prepare market research and product development plans for the promotion of all species of fish and their by-products which are harvested in the state and processed for sale; and
- (6) submit an annual report to the governor and the legislature describing its activities.

Sec. 16.51.030. PROHIBITED PROMOTIONS. The board may not promote or make a contract which promotes seafood by

- (1) geographic origin other than this state generally;
- (2) geographic region in the state; or
- (3) specific brand name.

Sec. 16.51.035. .2 PERCENT SEAFOOD MARKETING ASSESSMENT

- (a) each processor who purchases at least \$50,000 of seafood products shall pay a seafood marketing assessment at the rate of .2 percent of the gross dollar value, as defined by AS 43.75.140(7), paid by processor to fishermen for all seafood products during the previous calendar year.
- (b) a .2 percent seafood marketing assessment may only be levied or collected under (a) of this section if the Institute approves the .2 percent seafood marketing assessment under AS 16.51.050.

Sec. 16.51.040. .4 PERCENT SEAFOOD MARKETING ASSESSMENT

- (a) each processor who purchases at least \$50,000 of seafood products shall pay seafood marketing assessment at the rate of .4 percent of the gross dollar value, as defined by AS 43.75.140 (7), paid by processor to fishermen for all seafood products during the previous calendar year.
- (b) a .4 percent seafood marketing assessment may only be levied or collected under (a) of this section if the Institute approves the .4 percent seafood marketing assessment under AS 16.51.050.

Sec. 16.51.045. .6 PERCENT SEAFOOD MARKETING ASSESSMENT

- (a) each processor who purchases at least \$50,000 of seafood products shall pay seafood marketing assessment at the rate of .6 percent of the gross dollar value, as defined by AS 43.75.140(7), paid by the processor to fishermen for all seafood products during the previous calendar year.

(b) a .6 percent seafood marketing assessment may only be levied or collected under (a) of this section if the Alaska Seafood Marketing Institute approves the .6 percent seafood marketing assessment under AS 16.51.050.

Sec. 16.51.050 ELECTION TO APPROVE OR TERMINATE SEAFOOD MARKETING ASSESSMENT.

(a) The Institute may conduct an election under this section after the director of the division of elections approves

- (1) the notice to be published by the Alaska Seafood Marketing Institute;
- (2) the ballot to be used in the election; and
- (3) the registration and voting procedure for the approval or termination of the seafood marketing assessment.

(b) The seafood marketing assessment is levied under AS 16.51.035, AS 16.51.040 or AS 16.51.045 on the effective date stated on the ballot if

- (1) it is approved by a majority vote by value of the eligible processors in an election held under this section; and
- (2) the election results are certified by the director of the division of elections.

(c) In conducting an election under this section, the Institute shall adopt the following procedures;

(1) The proposed levy or termination of the assessment shall be adopted by a majority of the board at a regularly scheduled meeting not less than 60 days before the date on which ballots must be postmarked to be counted.

(2) The Institute shall hold at least one meeting, not less than 30 days before the date on which ballots must be postmarked to be counted, to explain the reason for the proposed seafood marketing assessment and to explain the voting procedure to be used in the election. The Alaska Seafood Marketing Institute shall provide notice of the meeting by

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

(B) publishing the notice in at least one newspaper of general circulation in each region of the state at least two weeks before the meeting.

(3) The Alaska Seafood Marketing Institute shall mail ballots to each eligible processor not more than 45 days before the date ballots must be postmarked to be counted in the election.

(4) The ballot shall

(A) indicate whether the election relates to a seafood

marketing assessment under AS 16.51.035, AS 16.51.040, or AS 16.51.045;

(B) ask whether the seafood marketing assessment shall be levied or, if the election is to terminate the assessment, whether the seafood marketing assessment should be terminated

(C) indicate the date on which returned ballots must be postmarked to be counted.

(5) The ballots shall be returned or by mail and shall be counted by the director of the division of elections, or his representative.

(d) The director of the division of elections shall certify the results of an election under this section, if he determines that the requirements of (a) and (c) of this section have been satisfied.

(e) In this section, "eligible processor" means any person or entity licensed under AS 43.75.011.

(f) For the purposes of this section a ballot submitted by a corporation is presumed valid if the ballot is signed by an individual who is indicated to be an officer of the corporation and if the ballot carries the corporate seal.

Sec. 16.51.055 TERMINATION OF THE SEAFOOD MARKETING ASSESSMENT

(a) The seafood marketing assessment levied under AS 16.51.035, AS 16.51.040, or AS 16.51.045 may be terminated by the commissioner of revenue upon a majority vote by value held under AS 16.51.050.

(b) A seafood marketing assessment shall be terminated by the commissioner of revenue under (a) of this section if

- (1) a petition is presented to the director of the division of elections requesting termination of the seafood marketing assessment by a number of persons representing at least 25 percent of the gross landed value of seafood products purchased in Alaska, as determined by the commissioner of revenue;
- (2) an election is held in accordance with AS 16.51.050. The ballot shall ask the question whether the seafood marketing assessment shall be terminated;
- (3) a majority vote by value of eligible processors who vote in the election is cast in favor of termination of the seafood marketing assessment;

(4) the Institute provides notice of the election in accordance with AS 16.51.050 within 60 days after receiving notice from the director of the division of elections that a valid petition under (1) of this subsection has been received.

(2) if 75% of D value for U

Sec. 16.51.060 COLLECTION OF ASSESSMENTS AND DISPOSITION OF PROCEEDS

(a) A processor who purchases seafood products and is subject to the seafood marketing assessment levied by AS 16.51.035, 16.51.040, or 16.51.045 shall remit the total seafood marketing assessment owed to the department of revenue by April 15 of the year following the year for which the assessment has been levied.

(b) The seafood marketing assessment collected under this chapter shall be deposited in the general fund. The legislature may make appropriations to the department of commerce and economic development for the purpose of providing financing to the Alaska Seafood Marketing Institute based on collections of the seafood marketing assessment, and may appropriate additional funds beyond the assessment collected in AS 16.51 as needs are demonstrated by the Alaska Seafood Marketing Institute.

Collection Authority → *Consist of Rev. can enforce*
Sec. 16.51.065 FAILURE TO PAY ASSESSMENT *Change brought 1984*

A processor who fails to pay an assessment levied under AS 16.51.035, 16.51.040 or 16.51.045 within 60 days of the date the assessment is payable is liable to the state for twice the amount of the assessment levied. On request of the board of directors of the Alaska Seafood Marketing Institute, the attorney general may bring a civil action against a processor for money payable under the provisions of this chapter.

Sec. 16.51.100 DEFINITIONS. In this chapter

- (1) "board" means the board of directors of the institute;
- (2) "institute" means the Alaska Seafood Marketing Institute
- (3) "promote or make a contract which promotes seafood" means to advertise or make a contract for advertising the use, value, attractiveness or quality of seafood.
- (4) "majority vote by value" means that assenting processors must represent at least 51% of the gross landed value of all seafood products purchased in Alaska as determined by the commissioner of revenue.

*Sec. 2. AS 39.50.200(b) is amended by adding a new paragraph to read: (44) Alaska Seafood Marketing Institute (AS 16.51.005)

*Sec. 3. AS 18.90 is repealed. *King Cross Mktg Quality & Control*

*Sec. 4. This act takes effect immediately in accordance with AS 01.10.070(c).

APPROPRIATION

Section 1

The sum of \$3,000,000 is appropriated to the Department of Commerce and Economic Development for the establishment of a generic seafood marketing and quality assurance program through the Alaska Seafood Marketing Institute, established in H.B. 198.

Section 2. This Act takes effect immediately in accordance with AS 01.10.070(c).

Proposed CS

Govs. Bill

Sec. 1. AS 16 is amended by adding a new chapter to read:

Sec. 16.51.005. FINDINGS AND PURPOSES.

(a) The legislature finds that

- (1) a joint state-industry effort to promote the stabilization, maintenance, quality control, and development of the seafood industry of Alaska, and the expansion of the seafood markets at the state, national, and international levels is in the public interest and a valid public purpose;
- (2) the purpose of the fisheries business tax (AS. 43.75) is to enable the state to equitably continue its efforts toward overall fisheries related development programs such as the effort referred to in (a) (1) of this section.

(b) the purposes of this chapter are to

- (1) encourage the fishing industry in the state to make greater use of the fishing resources in the coastal and freshwater areas of the state;
- (2) expand the range of species of seafood harvested by the fishing industry in the state;
- (3) enable the fishing industry to maintain and enhance the quality and purity of seafood harvested and processed by fishermen and processors in the state;
- (4) enable the fishing industry in the state to stimulate consumer identification of Alaska seafood to increase the use and consumption of seafood harvested and processed in the state;
- (5) stabilize and diversify the distribution of seafood products processed and harvested in the state by encouraging consumers to purchase Alaska seafood.

* Section 1. PURPOSES. The purposes of this chapter are to

- (1) encourage the fishing industry in the state to make greater use of the fishing resources off the coast of the state;
- (2) expand the range of species of seafood harvested by the fishing industry in the state;
- (3) enable the fishing industry to maintain the quality of seafood harvested and processed by fishermen and processors in the state;
- (4) enable the fishing industry in the state to stimulate consumer identification of Alaska seafood to increase the use and consumption of seafood harvested and processed in the state;
- (5) stabilize and diversify the distribution of seafood products processed and harvested in the state by encouraging consumers to purchase Alaska seafood.

Proposed CS

Sec. 16.51.010 Alaska Seafood Marketing Institute Established. There is established the Alaska Seafood Marketing Institute, as a public corporation of the state. The Institute is an instrumentality of the state in the Department of Commerce and Economic Development, but has a legal existence independent of and separate from the state. Exercise by the Institute of the powers conferred by this chapter is an essential government function of the state.

Sec. 16.51.015 Board created.

(a) There is created the Alaska Seafood Marketing Institute board of directors, which consists of 18 members appointed by the governor, and 3 non-voting ex-officio members appointed by the governor, the president of the senate, and the speaker of the house of representatives.

(b) Nine members of the board must be persons who represent seafood processors having an annual payroll in the state of \$1,000,000. Four members of the board must be persons who represent seafood processors having an annual payroll in the state of at least \$100,000, but less than \$1,000,000. Five members of the board must be commercial fishermen representing fishermen's organizations from various regions in the state. Members shall serve terms of three years. Initial appointments of members are six members serving for one-year, six members serving for two years, and six members serving for three years.

(c) Members of the fishing industry may make recommendation to the governor of persons to serve on the board.

(d) Nine members of the board constitute a quorum.

(e) The board shall elect a chairman annually and shall hold at least one regular meeting a year. The chairman must be a member of the board. The board shall meet at the call of the chairman, or upon written request of two members of the board.

(f) Board members receive no salary, but are entitled to per diem and travel expense as authorized by the law for other board meetings and commissions.

Govs Bill

Sec. 16.51.005. INSTITUTE ESTABLISHED. (a) There is established in the Department of Commerce and Economic Development the Alaska Seafood Marketing Institute. The institute shall act through a board of directors, which consists of 18 members. Seventeen members are to be appointed by the governor as provided in (b) of this section. The commissioner of commerce and economic development or his designee is also member of the board.

(b) Nine members of the board must be persons who represent seafood processors having an annual payroll in the state of at least \$1,000,000. Four members of the board must be persons who represent seafood processors having an annual payroll in the state of at least \$100,000. Four members of the board must be commercial fishermen. Members serve terms of three years. Initial appointments of members are five members serving for one year, five members serving for two years, and seven members serving for three years.

(c) Members of the fishing industry may make recommendations to the governor of persons to serve on the board.

(d) Nine members of the board constitute a quorum.

(e) The board shall elect a chairman annually and shall hold at least one regular meeting a year. The chairman must be a member of the board. The board shall meet at the call of the chairman or upon the written request of two members of the board.

(f) Board members receive no salary, but are entitled to per diem and travel expenses authorized by law for other boards and commissions.

Proposed CS

GOVS Bell

Sec. 15.51.020 POWERS. In carrying out the powers of the Institute, the board may

- (1) adopt, alter, and use a corporate seal;
- (2) prescribe, adopt, amend, and repeal bylaws;
- (3) sue and be sued in the name of the Institute;
- (4) enter into any agreements necessary to the exercise of its powers and functions;
- (5) cooperate with a public or private board, organization, or agency engaged in work or activities similar to the work or activities of the Institute and make contracts and agreements with those organizations or agencies for joint programs of consumer education, sales promotion, quality control, advertising and research in the production, processing or distribution of seafood;
- (6) conduct, or contract for scientific research to develop and discover health, dietetic or other uses of seafood harvested and processed in the state;
- (7) receive contributions of money from persons;
- (8) employ at its pleasure an executive director and other employees it considers necessary and prescribe their duties and fix their compensation.
- (9) establish offices in the state and incur expenses incidental to the performance of its duties;

Sec. 16.51.015. POWERS. The board may

- (1) adopt by-laws;
- (2) make contracts and other agreements which promote the sale of seafood harvested and processed in the state;
- (3) cooperate with a public or private board, organization or agency engaged in work or activities similar to the work or activities of the institute and make contracts and agreements with those organizations or agencies for joint programs of consumer education, sales promotion, quality control, advertising and research in the production, processing or distribution of seafood;
- (4) conduct, or contract for scientific research to develop and discover health, dietetic or other uses of seafood harvested and processed in the state;
- (5) receive contributions of money from persons;
- (6) employ at its pleasure an executive director and other employees it considers necessary and prescribe their duties and fix their compensation;
- (7) establish offices in the state and incur expenses incidental to the performance of its duties;
- (8) present facts to, and negotiate with local, state or federal agencies on matters affecting quality, production, processing or distribution of seafood harvested and processed in the state.

Proposed

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- (10) appear in behalf of the Institute before boards, commissions, departments, or other agencies of municipal, state or federal government;
- (11) acquire, hold, use, lease, sell, or otherwise dispose of property of any kind, real, personal, or mixed, or an interest in it;
- (12) establish and maintain one or more bank accounts for the transaction of the Institute's business;
- (13) prepare market research and product development plans for the promotion of any species of fish and their by-products which may be harvested in the state and processed for sale;
- (14) do everything necessary or desirable to carry out the purposes of the Institute.

Proposed CS

Govs Bill

Sec. 16.51.025 DUTIES. The board shall

- (1) conduct programs of education, research, advertising or sales promotion designed to accomplish the purposes of this chapter;
- (2) prepare annually a budget of proposed expenses of the board to be incurred in carrying out this chapter;
- (3) provide promotional services for fishermen and processors of all species of fish and their by-products which are harvested in the state and processed for sale;
- (4) recommend quality control programs including product quality standards for seafood harvested and processed in the state;
- (5) prepare market research and product development plans for the promotion of all species of fish and their by-products which are harvested in the state and processed for sale; and
- (6) submit an annual report to the governor and the legislature describing its activities.

Sec. 16.51.030. PROHIBITED PROMOTIONS. The board may not promote or make a contract which promotes seafood by

- (1) geographic origin other than this state generally;
- (2) geographic region in the state; or
- (3) specific brand name.

Sec. 16.51.020. DUTIES. The board shall

- (1) conduct programs of education, research, advertising sales promotion designed to accomplish the purposes of this chapter
- (2) prepare annually a budget of proposed expenses of the board to be incurred in carrying out this chapter;
- (3) provide promotional services for fishermen and processors of all species of fish and their by-products which are harvested in the state and processed for sale;
- (4) recommend quality control programs including product quality standards for seafood harvested and processed in the state;
- (5) prepare market research and product development plan for the promotion of all species of fish and their by-products which are harvested in the state and processed for sale; and
- (6) submit an annual report to the governor and the legislature describing its activities.

Sec. 16.51.025. PROHIBITED PROMOTIONS. The board may not promote or make a contract which promotes seafood by

- (1) geographic origin other than from this state generally;
- (2) geographic region in the state; or
- (3) specific brand name.

Proposed CS

600s Bill

Sec. 16.51.035. .2 PERCENT SEAFOOD MARKETING ASSESSMENT

- (a) each processor who purchases at least \$50,000 of seafood products shall pay a seafood marketing assessment at the rate of .2 percent of the gross dollar value, as defined by AS 43.75.140(7), paid by processor to fishermen for all seafood products during the previous calendar year.
- (b) a .2 percent seafood marketing assessment may only be levied or collected under (a) of this section if the Institute approves the .2 percent seafood marketing assessment under AS 16.51.050.

Sec. 16.51.040. .4 PERCENT SEAFOOD MARKETING ASSESSMENT

- (a) each processor who purchases at least \$50,000 of seafood products shall pay seafood marketing assessment at the rate of .4 percent of the gross dollar value, as defined by AS 43.75.140 (7), paid by processor to fishermen for all seafood products during the previous calendar year.
- (b) a .4 percent seafood marketing assessment may only be levied or collected under (a) of this section if the Institute approves the .4 percent seafood marketing assessment under AS 16.51.050.

Sec. 16.51.045. .6 PERCENT SEAFOOD MARKETING ASSESSMENT

- (a) each processor who purchases at least \$50,000 of seafood products shall pay seafood marketing assessment at the rate of .6 percent of the gross dollar value, as defined by AS 43.75.140(7), paid by the processor to fishermen for all seafood products during the previous calendar year.
- (b) a .6 percent seafood marketing assessment may only be levied or collected under (a) of this section if the Alaska Seafood Marketing Institute approves the .6 percent seafood marketing assessment under AS 16.51.050.

Sec. 16.51.030. CONTRIBUTIONS. (a) Contributions received by the institute shall be accounted for as provided in AS 37.10.050.

(b) Appropriations made to the institute for a fiscal year may be limited so that the appropriation of money from the general fund is at least equal to the contributions received by the institute but not more than 10 percent of the tax collected under AS 43.75 for the tax year which ended during the preceding fiscal year.

Sec. 43.75.134. TAX CREDIT. For tax years beginning after December 31, 1980, each taxpayer who files a fisheries tax return is entitled to a credit against the tax imposed by AS 43.75.015 and 43.75.100 for contributions made in the tax year to the Alaska Seafood Marketing Institute established in AS 16.51.005(a). The tax credit provided in this section may not exceed five percent of the net fisheries tax liability of the taxpayer before the deduction of this credit or other applicable credits.

Sec. 16.51.050 ELECTION TO APPROVE OR TERMINATE SEAFOOD MARKETING ASSESSMENT.

(a) The Institute may conduct an election under this section after the director of the division of elections approves

- (1) the notice to be published by the Alaska Seafood Marketing Institute;
- (2) the ballot to be used in the election; and
- (3) the registration and voting procedure for the approval or termination of the seafood marketing assessment.

(b) The seafood marketing assessment is levied under AS 16.51.035, AS 16.51.040 or AS 16.51.045 on the effective date stated on the ballot if

- (1) it is approved by a majority vote by value of the eligible processors in an election held under this section; and
- (2) the election results are certified by the director of the division of elections.

(c) In conducting an election under this section, the Institute shall adopt the following procedures;

(1) The proposed levy or termination of the assessment shall be adopted by a majority of the board at a regularly scheduled meeting not less than 60 days before the date on which ballots must be postmarked to be counted.

(2) The Institute shall hold at least one meeting, not less than 30 days before the date on which ballots must be postmarked to be counted, to explain the reason for the proposed seafood marketing assessment and to explain the voting procedure to be used in the election. The Alaska Seafood Marketing Institute shall provide notice of the meeting by

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

(B) publishing the notice in at least one newspaper of general circulation in each region of the state at least two weeks before the meeting.

(3) The Alaska Seafood Marketing Institute shall mail ballots to each eligible processor not more than 45 days before the date ballots must be postmarked to be counted in the election.

(4) The ballot shall

(A) indicate whether the election relates to a seafood

Proposed CS

marketing assessment under AS 16.51.035, AS 16.51.040, or AS 16.51.045;

(B) ask whether the seafood marketing assessment shall be levied or, if the election is to terminate the assessment, whether the seafood marketing assessment should be terminated

(C) indicate the date on which returned ballots must be postmarked to be counted.

(5) The ballot shall be returned or by mail and shall be counted by the director of the division of elections, or his representative.

(d) The director of the division of elections shall certify the results of an election under this section, if he determines that the requirements of (a) and (c) of this section have been satisfied.

(e) In this section, "eligible processor" means any person or entity licensed under AS 43.75.011.

(f) For the purposes of this section a ballot submitted by a corporation is presumed valid if the ballot is signed by an individual who is indicated to be an officer of the corporation and if the ballot carries the corporate seal.

Proposed CS

Sec. 16.51.055 TERMINATION OF THE SEAFOOD MARKETING ASSESSMENT

(a) The seafood marketing assessment levied under AS 16.51.035, AS 16.51.040, or AS 16.51.045 may be terminated by the commissioner of revenue upon a majority vote by value held under AS 16.51.050.

(b) A seafood marketing assessment shall be terminated by the commissioner of revenue under (a) of this section if

- (1) a petition is presented to the director of the division of elections requesting termination of the seafood marketing assessment by a number of persons representing at least 25 percent of the gross landed value of seafood products purchased in Alaska, as determined by the commissioner of revenue;
- (2) an election is held in accordance with AS 16.51.050. The ballot shall ask the question whether the seafood marketing assessment shall be terminated;
- (3) a majority vote by value of eligible processors who vote in the election is cast in favor of termination of the seafood marketing assessment;
- (4) the institute provides notice of the election in accordance with AS 16.51.050 within 60 days after receiving notice from the director of the division of elections that a valid petition under (1) of this subsection has been received.

Proposed

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Sec. 16.51.060 COLLECTION OF ASSESSMENTS AND DISPOSITION OF PROCEEDS

(a) A processor who purchases seafood products and is subject to the seafood marketing assessment levied by AS 16.51.035, 16.51.040, or 16.51.045 shall remit the total seafood marketing assessment owed to the department of revenue by April 15 of the year following the year for which the assessment has been levied.

(b) The seafood marketing assessment collected under this chapter shall be deposited in the general fund. The legislature may make appropriations to the department of commerce and economic development for the purpose of providing financing to the Alaska Seafood Marketing Institute based on collections of the seafood marketing assessment, and may appropriate additional funds beyond the assessment collected in AS 16.51 as needs are demonstrated by the Alaska Seafood Marketing Institute.

Sec. 16.51.065 FAILURE TO PAY ASSESSMENT

A processor who fails to pay an assessment levied under AS 16.51.035, 16.51.040 or 16.51.045 within 60 days of the date the assessment is payable is liable to the state for twice the amount of the assessment levied. On request of the board of directors of the Alaska Seafood Marketing Institute, the attorney general may bring a civil action against a processor for money payable under the provisions of this chapter.

Proposed CS

Govs Bill

Sec. 16.51.100 DEFINITIONS. In this chapter

- (1) "board" means the board of directors of the institute;
- (2) "institute" means the Alaska Seafood Marketing Institute
- (3) "promote or make a contract which promotes seafood" means to advertise or make a contract for advertising the use, value, attractiveness or quality of seafood.
- (4) "majority vote by value" means that assenting processors must represent at least 51% of the gross landed value of all seafood products purchased in Alaska as determined by the commissioner of revenue.

Sec. 2. AS 39.50.200(b) is amended by adding a new paragraph to read: (44) Alaska Seafood Marketing Institute (AS 16.51.005)

Sec. 3. AS 18.90 is repealed.

Sec. 4. This act takes effect immediately in accordance with AS 01.10.070(c).

Sec. 16.51.100. DEFINITIONS. In this chapter

- (1) "board" means the board of directors of the institute
- (2) "institute" means the Alaska Seafood Marketing Institute
- (3) "seafood processor" means a person cooking, canning, freezing or otherwise preparing seafood for sale.

* Sec. 3. AS 39.50.200(b) is amended by adding a new paragraph to read:
(44) Alaska Seafood Marketing Institute (AS 16.51.005).

* Sec. 5. Section 4 of this Act is retroactive to January 1, 1981 and applies to tax years beginning after December 31, 1980.

* Sec. 6. This Act takes effect immediately in accordance with AS 01.10.070(c).

June 30, 1980

The Honorable Clem Tillion
President of the Senate
The Honorable Terry Gardiner
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. President and Mr. Speaker:

While I have vetoed Senate Committee Substitute for Committee Substitute for House Bill 962, creating the fisheries business tax grant fund, I am instructing the Commissioner of the Department of Commerce and Economic Development to explore methods whereby much needed quality control and marketing assistance to the fisheries industry can be accomplished. Some funding for this effort has been provided.

The purpose of this measure is meritorious, however, the Department of Law strongly recommended veto due to its extremely doubtful constitutional validity. I am willing for members of my Administration to explore means whereby the purposes outlined in this measure may be achieved through constitutionally sound legislative enactment.

Sincerely,

Jay S. Hammond
Governor



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 24, 1980

Mr. John Martin
Alaska Seafood Association
130 Seward Street
Suite 501
Juneau, Alaska 99801

Dear Mr. Martin:

The formation of the Alaska Seafood Association signals the beginning of a new era for Alaska's primary industry. It is a concept of great economic value to the State and nation as well, as it achieves its full potentials. As in the past, I will assist in any way possible toward achieving these goals.

I am especially encouraged by your designation of quality control and market development as the Association's primary objectives. My request of the President for the designation of National Salmon Week, should be an immediate and continuing vehicle for the Association's support.

Today, on this auspicious occasion, you have my profound congratulation and support for success in the months and years ahead.

With every good wish.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Jay S. Hammond".

Jay S. Hammond
Governor

June 30, 1960

The Honorable Clem Tillion
President of the Senate
The Honorable Terry Gardiner
Speaker of the House
Alaska State Legislature
Fouch V
Juneau, Alaska 99811

Dear Mr. President and Mr. Speaker:

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The purpose of this measure is meritorious, however, the Department of Law strongly recommended veto due to its extremely doubtful constitutional validity. I am willing for members of my Administration to explore means whereby the purposes outlined in this measure may be achieved through constitutionally sound legislative enactment.

Sincerely,

Jay S. Hammond
Governor

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 198 (page 1 of 2)
 Title Establishment of Alaska Seafood Marketing Institute
 Requested by Governor Date 2/17/81

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development
 Program Category Affected Board & Commissions
 BRU, Program, or Subprogram(s) Affected _____

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		151,612	166,773	183,451	201,796	221,975
200 TRAVEL		35,000	38,500	42,350	46,585	51,244
300 CONTRACTUAL		303,388	1,433,727	1,577,099	1,734,809	1,908,290
400 COMMODITIES		6,000	6,600	7,260	7,986	8,785
500 EQUIPMENT		4,000	4,400	4,840	5,324	5,856
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		1,500,000	1,650,000	1,815,000	1,996,500	2,196,150

FUNDING (Thousands of Dollars)

GENERAL FUND	750,000	825,000	907,500	998,250	1,098,075
FEDERAL FUNDS					
OTHER (Specify Fund Source)					
Private contribution derived from proposed tax credit	750,000	825,000	907,500	998,250	1,098,075

POSITIONS

FULL TIME	2	2	2	2	2
PART TIME	1	1	1	1	1
TEMPORARY	1	1	1	1	1

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attachment

IV. DATE _____

PREPARED BY Richard E. Reynolds
 AGENCY Commerce and Econ. Dev.
 PHONE 465-2018

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Fiscal Note - Alaska Seafood Marketing Institute

Part III - Analysis

Assumptions: That contributions based on credits against fisheries business tax (and corresponding general fund appropriations) are able to increase at a rate of 10 percent per year. 1982 base costs are similarly inflated for the years following.

Positions: The following positions and costs in 1982 are summarized under personal services:

	<u>Salary</u>	<u>Benefits</u>	<u>Total</u>
Director/Office Manager	\$52,000	\$12,007	\$64,007
Research, writing, reception	25,000	5,839	30,839
Special Projects Manager (part-time)	28,000	5,525	34,525
Data Programmer (part-time)	18,000	4,241	22,241
			<u>\$151,612</u>

Expenditures:

Detail of contractual total in 1982 is provided below:

Program	\$1,262,388
Space rental	6,000
Janitorial	2,000
Legal/accounting	12,000
Telephone	4,000
Equipment rental	5,000
Copying & printing	8,000
Board meeting related	4,000
	<u>\$1,303,388</u>

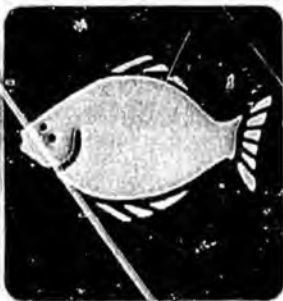
Program:

The budgeted program encompasses seafood market promotion, product development, market research activities called for in the legislation. Specific projects to be developed by the appointed board.

The program amount is derived by subtracting "administrative" costs from the amount presumed to be available.



From Ketchikan to Kotzebue, fishing is Alaska's largest private employer



The dozens of species of fish and shellfish available in commercially harvestable quantities in Alaska are found in radically different environments, ranging from deep ocean waters warmed by southern Pacific currents to the muddy surf of wide, shallow bays that are covered much of the year by pack ice.

The fishing boats and processing plants designed to handle these widely varying conditions are extremely diverse: herring skiffs in Norton Sound, multimillion-dollar crab vessels in the Bering Sea, classic wooden halibut schooners in the Gulf of Alaska, and modern fiberglass salmon seiners in Sitka Sound; huge cold storage plants in Kodiak, converted liberty ships in the Aleutian Islands, fish-buying stations on the Yukon River and salmon canneries in Bristol Bay that can handle as many pounds of fish a day as the entire U.S. tuna industry.

The seafood products shipped from the state include five species of salmon, three species of crab, shrimp, halibut, herring, sablefish, Pacific cod, Alaska pollock, scallops, abalone, clams, rock fish and fish meal. Expansion into the 200-mile waters will mean handling large volumes of many new species.

The major fisheries and products are:

Salmon

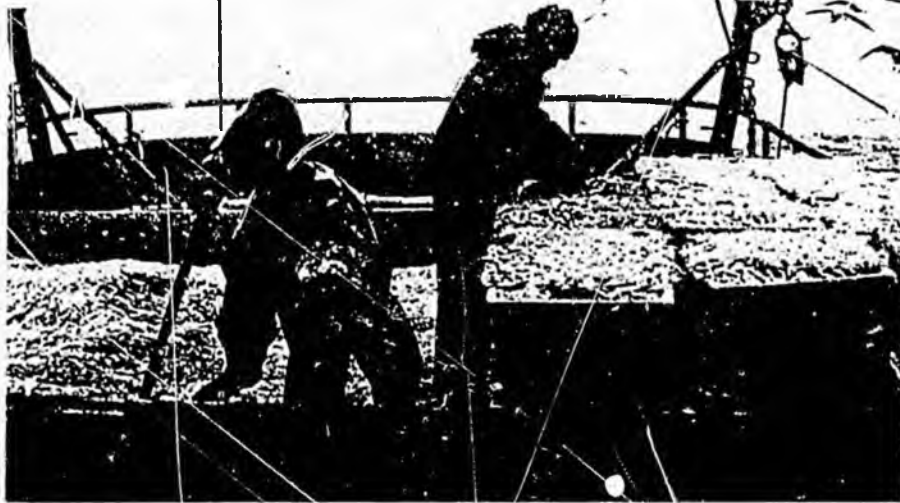
The state is the major producer of salmon in the world. About 110 million salmon were caught in 1980, making it the fourth largest harvest in history. Salmon are harvested by seine, gillnet and hook-and-line gear in fisheries scattered from Southeast to Kotzebue Sound. The salmon fisheries are the most important in terms of volume, value and jobs. In 1979, about 150 million pounds of salmon were frozen and 3.1 million cases canned.

Crab

Bering Sea crab vessels comprise one of the world's most efficient and sophisticated fishing fleets: 230 boats harvest about 120 million pounds of king crab in a month. In 1979, 154 million pounds of king crab and 131 million pounds of snow crab were processed in Alaska plants, mostly by modern cold storages in the Aleutian and Kodiak Islands.

Shrimp

Although catches declined from the 1976 peak of 128 million pounds to 51 million pounds in 1979, shrimping remains one of Alaska's most important fisheries. Five species of shrimp are frozen and canned in plants dotting the coastline from Southeast to the Aleutians.



With 34,000 miles of rugged coastline, Alaska's destiny always has been tied closely to the sea. An abundance of sealife is supported by the nutrient-rich waters of wide continental banks, vast river deltas and countless bays, fjords, lakes and streams. The wholesale value of Alaska seafood is more than double that of any other state. The seafood industry is Alaska's largest private employer; in many rural communities there is no other way to make a living. Of special importance, the seafood industry will continue putting Alaskans to work, contributing to the economy and providing a long-term tax base as long as man needs protein.



Halibut

One of Alaska's oldest fisheries, halibut are caught by long lines of hooks strung along the bottom of some of the world's stormiest seas. More than 16 million pounds of halibut were frozen in cold storages from Southeast to the Bering Sea during 1979.

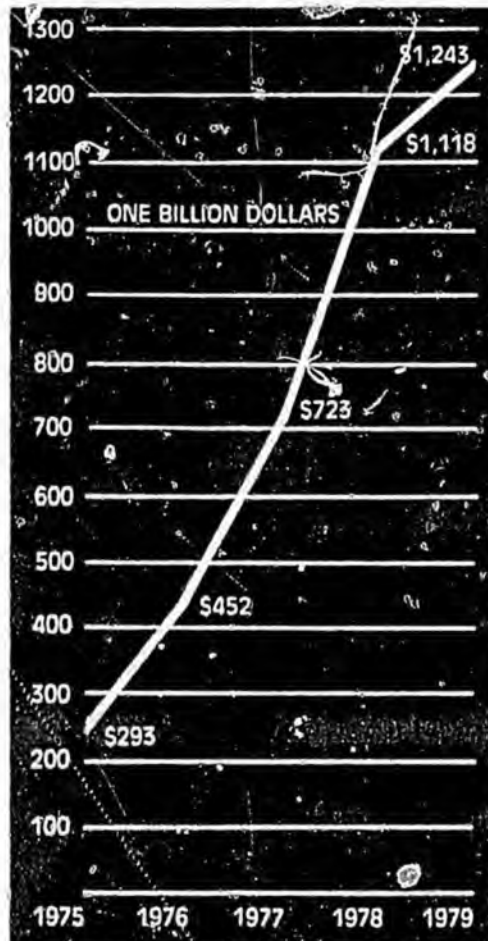
Sablefish

One of the fastest growing fisheries, sablefish catches climbed from 1.8 million pounds in 1977 to 5.3 million pounds two years later. Sablefish, also called black cod are frozen and smoked.

Bottomfish

A growing fleet of U.S. trawlers is beginning to cut into the huge foreign catches of bottomfish in the Bering Sea. The 1980 U.S. harvest of Pacific cod in the Bering Sea was almost five times larger than the previous year's total. Still, there's a long way to go: the 1979 foreign bottomfish catch in Alaska's 200-mile zone of **3.1 billion pounds** was valued at **\$1.8 billion**.

Wholesale Value of Alaska Seafood (millions of dollars)



The value of Alaska's seafood products increased by 424 percent in the five-year period ending in 1979.

The seafood industry is much more than succulent crab legs and tender salmon fillets. It is thousands of Alaskans scattered from Ketchikan to Kodiak to Kotzebue, from hundreds of miles up the Yukon River to downtown Anchorage.

The industry includes not only fishermen and processing workers, but air charter pilots, truck drivers, construction workers,

longshoremen, grocers and bankers. It is easy to see the seafood industry in a community like Kodiak, with its sprawling processing complexes and busy harbors, but you have to look closely in a city like Anchorage for the 1,500 **direct** jobs generated by the processing and transporting of salmon.

- The wholesale value of Alaska seafoods stood at \$1.2 billion in 1979.
- More than 25,000 fishing vessel crew member licenses were issued in 1979. Another 17,609 individuals received permits to operate commercial fishing gear.
- With a range of up to 12,000 jobs during peak months, the annual number of seafood processing jobs was 7,251 for 1980. The payroll for these workers was estimated at \$104 million.
- There were about 250 companies and individuals licensed to buy and sell seafood in 1979. More than 15,000 commercial fishing vessels were registered.
- The replacement value of Alaska's processing plants was estimated to be \$392 million in 1978, while the replacement value of fishing boats was set at \$829 million in 1979.
- The State of Alaska collected \$3.1 million in raw fish taxes in 1976, while the figure hit \$14.6 million in 1980. That amount was in addition to property, corporate income and payroll taxes.

During the heyday of Alaska's salmon fisheries, the Territory of Alaska's economic backbone was a network of salmon canneries dotting most the coastline from Ketchikan to Bristol Bay. Huge quantities of canned salmon were sold on grocery shelves across the United States and Europe.

A slow decline in salmon catches came during the fifties and sixties. Salmon stocks were knocked down to alltime lows in the 1970s by two successive severe winters that killed millions of vulnerable eggs and fry. Considerable belt-tightening by fishing communities under strict biological management of the salmon fisheries has helped to rebuild the runs to historic strengths.

The resurgence of the salmon harvests has come at a time when the industry already was wrestling with the problem of trying to establish solid sales outlets for large volumes of frozen products. Virtually all of the canneries developed in the seafood boom of the seventies are based on frozen products. Even in salmon the trend has been toward quick frozen processing: the portion of Alaska's salmon pack ending up in cold storages increased from 29.9 percent in 1976 to 52.2 percent in 1979. Three-fourths of Alaska's seafood pack was frozen that year.

The marketing challenge is much greater as the takeover of fisheries in Alaska's 200-mile zone from foreign fishing fleets becomes a reality. Americans won't be able to catch or process the huge quantities of bottomfish unless the existing seafood industry is financially sound enough to expand. Handling the entire foreign harvest off Alaska's shores would mean finding markets for an additional three billion pounds of seafood a year.

The selling of seafoods in the United States is a highly competitive affair that pits the largely independent Alaska processing companies against well-financed efforts like the tuna industry, North Atlantic Seafood Association (Iceland, Norway, Denmark and Canada), and government-aided industries of the Soviet Union, Korea and Peru. The large supplies of protein also are competing against well-established foods like beef, pork and chicken.



Fishermen and processors accounting for the bulk of the state's seafood production have joined forces with the State of Alaska under a non-profit group called the Alaska Seafood Marketing Institute in a unified effort to promote Alaska's varied line of seafood products. The institute is attempting to broaden the national and international markets for Alaska seafoods through market research, product development, generic advertising and promotional programs.

**Alaska
Seafood
Marketing
Institute**

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ALASKA'S SEAFOOD INDUSTRY

12,000 processing jobs
25,000 fishing crew licenses
17,600 fishing gear permits
\$1.2 billion product value (1979)
890 million pounds landed (1979)
\$392 million processing plant value
\$829 million fishing vessel value

