

H B

381

IDENTIFICATION:

BILL NUMBER: HB 381

BILL NAME: *Relating to wholesale prices for salmon.*

SPONSOR(S): *Special Fisheries Committee* RELATED BILLS PENDING:

DATE INTRODUCED: 5-23-83

REFERRALS: *Resources
Finance*

INITIAL RESEARCH:

BILL SUMMARY COMPLETED:

SUMMARY BY LEGAL DIVISION:

SPONSOR CONTACTED FOR
BACKUP MATERIALS:

DEPT. OF LAW SUMMARY:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR
REPS. NOTIFIED:

Resources waived 5/25/83

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS/GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE:

BACKGROUND MATERIAL DISTRIBUTED:

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/COMMITTEE
SUBSTITUTES DRAFTED:

from Sen.
Mulcahy

Proposed Amendment to CSHB 381 (Resources):

Page 4; line 10: After the word "information"

Insert: , including the consideration of various types and amounts of discounts allowed in the calculation of wholesale prices.

Betty,

This amendment was added in Senate Resources to the Senate version of the bill. Adding it to the House bill would make the Senate and House versions identical.

Sandra

Offered: 5/17/83
Referred: Finance

Original sponsor: House Special Committee
on Fisheries

1 IN THE HOUSE BY THE RESOURCES COMMITTEE
2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 381 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL
6 For an Act entitled: "An Act relating to wholesale prices for salmon; and
7 providing for an effective date."

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

9 * Section 1. AS 43.80 is amended by adding new sections to read:

10 Sec. 43.80.050. REPORTING OF WHOLESALE CANNED SALMON PRICES.
11 (a) A fish processor engaged in the business of selling canned salmon
12 products at wholesale shall submit to the department, on a form pro-
13 vided by the department, a semi-annual report of the prices received
14 by the processor or an affiliate of the processor for the sale of
15 canned salmon. Not later than April 30 of each year a processor shall
16 submit a report for the period October 1 - March 31. Not later than
17 October 31 of each year a processor shall submit a report for the
18 period April 1 - September 30.

19 (b) A report submitted under this section shall, for sales to
20 buyers that are not affiliates of the processor, include a description
21 of the products and the quantity sold by species and unit-of-sale
22 category and the wholesale prices received. If a processor sells no
23 canned salmon products during a reporting period the report for that
24 period shall include only a statement of that fact.

25 (c) A sale to an affiliate of the processor may not be included
26 in a report submitted under this section by a processor. However, a
27 processor shall report sales by an affiliate at wholesale of canned
28 salmon that was obtained from the processor. The report shall include
29 a description of the products and the quantity sold by the affiliate

1 by species and unit-of-sale category and the wholesale prices received
2 by the affiliate.

3 (d) Information shall be reported for the following unit-of-sale
4 categories:

- 5 (1) 48-pound case of one-pound cans (48 cans);
- 6 (2) 24-pound case of one-half-pound cans (48 cans);
- 7 (3) 12-pound case of one-quarter-pound cans (48 cans); and
- 8 (4) 48-pound case of four-pound cans (12 cans).

9 (e) A person excluded from the fisheries business tax under
10 AS 43.75.017 is exempt from the requirements of this section.

11 Sec. 43.80.055. WHOLESAL PRICE AVERAGES. (a) Based on the
12 information provided in reports submitted under AS 43.80.050, the
13 department shall determine the statewide average wholesale prices paid
14 to fish processors and their affiliates for the sale of canned salmon.

15 (b) The department shall determine under this section the month-
16 ly and annual wholesale price averages for each species of canned
17 salmon in each unit-of-sale category.

18 Sec. 43.80.060. REPORT TO LEGISLATURE. Not later than the 15th
19 day of each regular legislative session the department shall submit to
20 the legislature a report of statewide average wholesale canned salmon
21 prices.

22 Sec. 43.80.065. CONFIDENTIALITY OF REPORTS. Information in
23 reports submitted under AS 43.80.050, and price averages calculated by
24 the department from the information in the reports, are public infor-
25 mation, except that information that identifies or could be used to
26 identify a particular fish processor is confidential.

27 Sec. 43.80.095. PENALTY. The department may levy and collect a
28 civil penalty of \$50 per day on a fish processor that fails to submit
29 a report as required under AS 43.80.050.

1 Sec. 43.80.100. DEFINITIONS. In this chapter,

2 (1) "affiliate of the processor" means a person that di-
3 rectly or indirectly, through one or more intermediaries, controls, is
4 controlled by, or is under common control with, the processor;

5 (2) "control" means

6 (A) owning directly or indirectly, or having the power
7 to vote, not less than 10 percent of any class of voting securi-
8 ties of a corporation; or

9 (B) influencing or affecting in any substantive manner
10 the election of a majority of the directors or trustees of a
11 corporation;

12 (3) "department" means the Department of Revenue;

13 (4) "fish processor" means a person engaging or attempting
14 to engage in a business for which a license is required under AS 43.-
15 75.010 - 43.75.055;

16 (5) "wholesale price" includes all receipts, whether in the
17 form of money, credits, or other consideration, from the sale of a
18 finished canned salmon product at less than retail, without deduction
19 for the costs of property sold, materials used, insurance, labor,
20 services, labeling, transportation, storage, interest, taxes, losses,
21 or any other expense except

22 (A) cash discounts allowed on sales, not to exceed one
23 and one-half percent; and

24 (B) commissions actually paid to independent brokers,
25 not to exceed five percent.

26 * Sec. 2. AS 43.80.035 is repealed.

27 * Sec. 3. Not later than the 30th day of the Second Session of the
28 Thirteenth Alaska State Legislature, the Department of Commerce and Eco-
29 nomic Development in conjunction with the Commercial Fisheries Entry

1 Commission and the Department of Revenue, shall submit to the legislature a
2 report on the possible development of a program to determine wholesale
3 price averages in the state for fresh, frozen, canned, and cured salmon
4 products. The report shall include the department's findings and recommen-
5 dations on

6 (1) the benefits and costs to the state and the commercial fish-
7 ing and processing industry of reporting and collecting wholesale price
8 information and determining price averages;

9 (2) the appropriate methodology and procedures that could be
10 used for reporting and collecting price information; *including the consideration of various*
types + amounts of discounts

11 (3) the appropriate agency to determine wholesale price averages *allowed in the calculation of wholesale*
prices.
12 for salmon; and

13 (4) the need for and methods of eliminating duplication of
14 reports required of fish processors and commercial fishermen by state
15 agencies, including a plan for the sharing of information among state
16 agencies.

17 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
18 10.070(c).

Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN
VIC FISCHER, VICE-CHAIRMAN
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Senate

Committee on Resources

May 17, 1983

Memo

To: Senate Resources Committee Members

From: Senate Resources Committee Staff

Subject: ^{SB 279} SSB-381, Reporting of wholesale canned salmon prices

On Wednesday, May 18 the Committee will continue consideration of the bill which was first heard May 13.

At the May 13 hearing considerable discussion occurred regarding an amendment proposed by the seafood processors which would add a discount for promotional work to be subtracted from the wholesale price as reported by the Department of Revenue and seafood processors. The bill as currently drafted provides only for discounts for cash purchases (not to exceed 1½%) and for commissions paid to independent brokers (not to exceed 5%).

Existing law provides for a similar price reporting system for canned salmon if jointly requested by fishermen and processors. Currently prices are only compiled for canned pink salmon. These prices reflect only the discounts mentioned above.

Fishing organizations in Bristol Bay ("AIFMA") strongly oppose the amendment because it would potentially reduce prices paid to fishermen by processors because of specific contract agreements tying in prices paid to those reported by the state. If these state prices were reduced by some percentage to allow for promotional discounts (which were reportedly not assumed or considered by AIFMA in contract negotiations), it would reportedly result in lower prices paid to fishermen under the terms of the contract.

Processors endorse the amendment as a reflection of how they have always done business and have historically reported prices (especially when there was a tax based on net prices). They argue that without the discount they would be forced to lower their base prices which they report to take into account continued use of promotional discounts. However, by not actually specifying a discount for specific promotional work in a contract with retailers, enforcement of promotional actions for the advancement of fish sales could be difficult.

Furthermore, processors argue that state legislation should not be written for specific contracts already negotiated and that the required information may or may not be useful to many other processors and fishermen in price negotiations

due to the form and timing of the information to be provided by the Department of Revenue. Additionally, they cite the alternative pricing mechanism contained in all AIFMA contracts providing for prices to ^{be} based on the individual processor's actual average wholesale prices received subject to an independent audit. This pricing method available to fishermen would be subject to unspecified "discounts".

AMENDMENTS

The attached CS contains several amendments which have all been agreed to by fishermen, processors and the Department of Revenue. Additionally, these amendments are all contained in the House version of the bill which passed House Resources Committee May 17. These amendments correspond to amendments number 1, 2 and 4 on the attached sheet which were discussed in Committee May 13, plus the following:

- #5: On page 2, line 17 and 18 delete the sentence "An annual average is for a calendar year."

Rationale

This amendment removes the ambiguity that the prices to be reported under certain time frames specified in the bill (not corresponding to calendar year) would have to conform to a calendar year.

- #6: On page 2, lines 27-29 insert a period after "confidential" and delete "and may be released only to the Commercial Fisheries Entry Commission for the purpose of carrying out the official business of the commission."

Rationale

This amendment removes a clause left over from a previous draft that is no longer considered necessary.

The amendment proposed by processors regarding promotional discounts is reflected in Amendment No. 3 on the attached list. In considering this amendment is the issue of whether or not a cap on an allowed percentage should be included (2% has been a commonly discussed figure) and whether such a discount would ultimately be desirable in state law after the expiration of the AIFMA contract (1986).



Alaska State Legislature

Senate

MAY 4 - 1983

Office of the President

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

DATE: May 3, 1983

TO: Senator Bettye Fahrenkamp
Chair
Senate Resources Committee

FROM: Senator Jay Kerttula
Senate President

SUBJECT: Senate Bills 279 and 280

Senate Bills 279 and 280, though introduced late in this session are very important pieces of legislation which should be dealt with before we adjourn.

SB 279 is a major priority of the United Fishermen of Alaska (UFA). It provides for the computing of the statewide average wholesale price paid for canned salmon. This bill was prepared in cooperation with representatives of the Pacific Seafood Processors Association and the UFA. All interests have made considerable compromise to reach this version that has been referred to the Senate Resources Committee.

SB 280 would restructure the discounts on the purchase price for land obtained in state land disposals. The discount program in the Statutes has been suspended by the Commissioner of the Department of Natural Resources because of a recent court challenge and striking of a similar program in the Kenai Peninsula Borough. It is hoped that this legislation will move quickly enough to enable recipients in the land disposals this year to take advantage of the new program.

I would greatly appreciate the Resources committee holding hearings on these important pieces of legislation so that the Senate might consider them before we adjourn.

Thank you very much.

JMK:rjr

Attachments

SS SB 279: BACKGROUND

This bill amends AS 43.80 relating to the reporting of wholesale prices paid for salmon products. Notably, the changes in the statutes include:

1) requires average wholesale price reporting from processors for all species of canned salmon (now required only for pink salmon);

2) requires average wholesale price reporting annually for each of the previous six months (now required annually for August through December only);

3) omits the necessity for a joint request for the department to require reporting from both a processor and a fishermen's organization;

4) changes the civil penalty clause for non-compliance from \$5,000 per report to \$50.00 per day;

5) adds that sales to affiliate companies will not be included in processor's wholesale price report but wholesale prices obtained by an affiliate shall be reported;

6) adds that the Department of Commerce and Economic Development in conjunction with the Commercial Fisheries Entry Commission will investigate developing a program to determine wholesale price averages for all product forms of seafood. The investigation will include possible benefits, methodology and cost estimates for implementation of such a program. The investigation will further include the possible elimination of duplicative reporting requirements to state agencies by providing for information sharing.

The intent of this legislation is to aid in the early adoption of contracts by processors and fishermen's organizations by providing an objective basis for contract negotiation, the wholesale price paid for seafood products. In recent years processors and fishermen have suffered tremendous losses due to their failure to resolve contract price disputes.

It is in the interest of the state to facilitate early contract approval. The seafood/fishing industry is the largest employer in Alaska and it is in the best interest of the state to aid in contract dispute resolution.

Since January 1983, representatives of the United Fishermen of Alaska and the Pacific Seafood Processors Association have been working with legislators on this bill. After considerable compromise by all interests, this is the version which all parties can live with. Note that a sponsor substitute is offered because some changes were needed in the original introduced version. It is hoped that the Resources Committee will consider this version as a base for a committee substitute.

HB 381 is an identical bill to SB 279 and has been introduced in the House by the Special Fisheries Committee.



UNITED FISHERMEN OF ALASKA

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(907) 585-2820

Cass M. Parsons
Executive Director

April 28, 1983

ALASKA WHOLESALE AVERAGE

House Bill 381 and Senate Bill 279 are identical bills. They will repeal AS 43.80.035 and add a new section 43.80.050. The new section will add to or change the intent of the statute. Specifically, the new section:

- 1) requires average wholesale price reporting from processors for all species of canned salmon (now required only for pink salmon);
- 2) requires average wholesale price reporting annually for each of the previous six months (now required annually for August through December only);
- 3) omits the necessity for a joint request for the department to require reporting from both a processor and a fishermen's organization;
- 4) changes the civil penalty clause for non-compliance from \$5,000.00 per report to \$50.00 per day;
- 5) adds that sales to affiliate companies will not be included in processor's wholesale price report but wholesale prices obtained by an affiliate shall be reported;
- 6) adds that the Department of Commerce and Economic Development in conjunction with the Commercial Fisheries Entry Commission will investigate developing a program to determine wholesale price averages for all product forms of seafood; investigation will include possible benefits, methodology, and cost estimates. The investigation will further include possible elimination of duplicative reporting requirements to state agencies by providing for information sharing.

Background & Original Intent:

The original intent of revising AS 43.80.035 was to expand the statutory authority of the Department of Revenue to require processors to report monthly wholesale prices for all species of canned, fresh, frozen and cured salmon. The department would, in turn, compile and publish a statewide average wholesale price for each month for all species and all product forms.

Fishing groups, cooperatives and marketing associations have come forward to request this information for several reasons:

1. Fishermen would like to negotiate fish prices based on a figure which represents the true market value of the product and the current market situation and allows individuals and associations to "share the risk" with processors.
2. Fishermen feel that wholesale prices compiled by the department have proven to be the most credible information available short of an audit.
3. Canned salmon sales now comprise less than 50% of the total; other product form prices need to be considered to reflect the true scope of sales.
4. Fishermen want to develop a more sophisticated and less harmful (i.e., prolonged strikes) method of arriving at price settlements. Along with run forecasts, market projections and estimates of demand, the average wholesale value of fish sold during the previous 12, 6 or 3 months will assist fishermen and processors arriving at a price which truly reflects the market.

Present Legislative Intent:

The present legislation is a compromise bill from the above intent in that it doesn't compile an average wholesale price for frozen, fresh or cured salmon products, but this legislation will assist the industry this year for two reasons:

1. Contracts have been signed between fishermen and processors which require wholesale average prices for sockeye salmon from August through March annually. This bill will fulfill that requirement and any other contract settlements based on wholesale canned salmon prices for any species.
2. Language included in the bill will allow the Department of Commerce and Economic Development and the Commercial Fisheries Entry Commission to investigate developing a program to include compilation of wholesale prices for all product forms of salmon, including fresh, frozen and cured. The two agencies will investigate the benefits and costs to the state of a program such as this and the most appropriate methodology for collecting the information.

A compromise was necessary due to opposition from the processors to the intent of the legislation; that is, to require processors to make available prices paid them for sales of salmon, and specifically, fresh and frozen prices. Major opposition to the bill would have killed its chance of passage this legislative session. The processors have agreed that this bill is the least troublesome for them at the present and have agreed not to mount opposition.

State Involvement:

The state is and should continue to be involved in this effort for several reasons:

1. The citizens of the state have a right to know the value of the fishing industry to the state's economy. Any industry subsidized in full or in part should be accountable to the public. Are state monies benefitting the citizens of the state?
2. The state has spent hundreds of thousands of dollars on market studies which were designed to assist fishermen and processors engaged in pre-season price negotiations and to assist all participants develop a better understanding of the marketplace. However, all of these studies have cited inadequate data as being the major hindrance to a conclusive market analysis.
3. The state acts as mediator in strike situations. Prolonged strikes cost the state money in terms of decreased revenues from ex-vessel based taxes and in direct state participation during strikes.

Sec. 43.76.040. Definition. In AS 43.76.010 — 43.76.040, unless the context otherwise requires, "buyer" means a person who acquires possession of salmon from the person who caught the salmon regardless of whether there is an actual sale of the salmon but excluding a transfer to a person engaged solely in interstate transportation of goods for hire. (§ 19 ch 117 SLA 1981)

Chapter 80. General Provisions.

Section

20-30 (Repealed)

35. Reporting of salmon prices

Sec. 43.80.020. Prosecution for failure to secure license.

Repealed by § 46 ch 113 SLA 1980.

Cross references. — For present provisions concerning carrying on a business without a required license, see AS 43.05.290(h).

Editor's notes. — The repealed section derived from § 35-1-41, ACLA 1949.

Sec. 43.80.030. Production of license.

Repealed by § 45 ch 113 SLA 1980.

Editor's notes. — The section derived from § 35-1-42, ACLA 1949.

Sec. 43.80.035. Reporting of salmon prices. (a) Except when the requirement is suspended under (d) of this section, the commissioner shall compute and report to the legislature not later than the 60th day of each regular session the average wholesale prices obtained for canned salmon by Alaska salmon canneries during the months of August, September, October, November, and December for the previous five years. In computing and reporting prices, the commissioner may require canneries to provide information on wholesale price by species of salmon.

(b) The commissioner may

(1) issue summons under AS 43.05.040 to compel the testimony of witnesses and the production of records and documents necessary to obtain and audit reports and information on wholesale prices of salmon when required under (a) of this section;

(2) levy and collect a civil penalty for failure to report information on wholesale prices of salmon under (a) of this section.

(c) A person who fails to file a report containing information on the wholesale prices of salmon required by the commissioner under this section is liable for a civil penalty of \$5,000. The penalty shall be assessed and collected in the same manner as taxes are assessed and collected under AS 43.05.010 — 43.80.010.

(d) Computation and reporting of the average wholesale price of a species of salmon by the commissioner under (a) of this section is not required during a calendar year in which the commissioner does not receive at least one request jointly presented by a fish processor doing business in Alaska and an organization representing fishermen that they desire the report for a species of salmon under (a) of this section for purposes of price negotiation. If a joint request is not presented to the commissioner for a salmon species for a calendar year, information about the average wholesale price of that salmon species may not be collected by the commissioner for that calendar year, and the last report submitted by the commissioner under (a) of this section for that species is the final report of prices for that species required under this section.

(e) In this section,

(1) "commissioner" means the commissioner of revenue;

(2) "wholesale price" includes all receipts, whether in the form of money, credits or other consideration, received from the sale of the finished product without deduction for the cost of property sold, the cost of the material used, insurance costs, labor or service costs, label and labeling costs, transportation and storage cost, interest paid, taxes, losses, or any other expense except (A) cash discounts allowed on sales not to exceed one and one-half percent;

(B) commissions actually paid to independent brokers not to exceed five percent; and

(C) swell allowance not to exceed one-tenth of one percent. (§ 2 ch 66 SLA 1980; am § 94 ch 59 SLA 1982)

Cross references. — As to confidential nature of certain reports and records concerning the landings of fish, see AS 16.05.815.

Effect of amendments. — The 1982 amendment, effective May 28, 1982, substituted "summons" for "subpoena" in sub-section (b)(1).

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: SSSB 279
 Title: Wholesale Prices for Salmon
 Sponsor: Kerttula
 Requestor: _____

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Develop.
 Program Category Affected: Development
 BRU, Program of Subprogram(s) Affected: Commercial Fisheries Development

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL		5.0				
300 CONTRACTUAL		55.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		60.0				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		60.0				
FEDERAL FUNDS						
OTHER (Specify Source)						

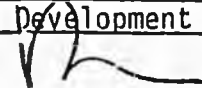
POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Not identified by sponsor.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Richard E. Reynolds
 Division: Office of Commercial Fisheries Development
 Approved by Commissioner: Richard A. Lyon 
 Department: Commerce & Economic Development

Phone: 465-2018
 Date: _____
 Date: 5/10/83

Distribution:

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 Copy to Sponsor
 Copy to Requestor (if different from Sponsor)

3/8/83

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No: CS SB 279
 Title: Wholesale Price - Canned Salmon
 Sponsor: Kestulla/Eliason/Mulcahy/Rodey
 Requestor: Resources and Finance

II. FISCAL DETAIL

Agency Affected: Department of Revenue
 Program Category Affected: Rev Coll & Mgmt
 BRU, Program of Subprogram(s) Affected:
Audit Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	25.5	28.0	30.8	33.9	37.3
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	9.9	2.5	2.5	2.6	2.6
400 COMMODITIES	-	.8	1.0	1.0	1.0	1.0
500 EQUIPMENT	-	1.0	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-	37.2	31.5	34.3	37.5	40.9
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	37.2	31.5	34.3	37.5	40.9
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	1	1	1	1	1
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

None

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Paul W. Taylor *Paul W. Taylor*
 Division: Audit Division

Phone: 465-2371
 Date: April 28, 1983

Approved by Commissioner: J. J. Donohue
 Department: Revenue

Date: 5/4/83

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Alaska State Legislature

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Senate Committee on Resources

MINUTES

May 13, 1983
3:09 p.m.

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chair	Senator V. Fischer
Senator Eliason	Senator Mulcahy
Senator P. Fischer	Senator Sturgulewski

CALENDAR

- HB 163 An Act relating to harassment of persons lawfully engaged in hunting, fishing, camping, or trapping.
- SB 272 An Act making a special appropriation for payment as a grant to the Municipality of Anchorage for expansion of the Ship Creek Treatment Plant and phase II design and construction of the Eklutna Water Project; and providing for an effective date.
- SB 279 An Act relating to wholesale prices for canned salmon; and providing for an effective date.

HB 163

Representative Shultz said the purpose of the bill was to afford people the opportunity of legal recourse if they are harassed. Senator Sturgulewski questioned the need for the bill. Senator Vic Fischer questioned exactly what types of circumstances would apply. Senator Eliason questioned whether the state had authority to regulate privately owned land. Representative Shultz said language regarding private land had been included because of Native land claims. There was discussion.

Dennis Kelso, acting Deputy Commissioner of the Department of Fish and Game, suggested looking closely at whether the bill

would cause difficulties with constitutional guarantees. There was discussion.

Ron Somerville, Legislative Committee Chairman of the Alaska Sportsmen's Council, strongly supported the legislation.

Senator Sturgulewski moved to report the bill out of committee with individual recommendations. The motion passed without objection.

SB 272

Senator Jan Faiks, addressing the proposed committee substitute, explained the importance of the three appropriations in the bill. There was discussion of how water rates would be affected, and comparison of Anchorage's water rates to those in other communities.

Senator Vic Fischer moved to adopt the committee substitute. The motion passed without objection.

Bob Smith, general manager of the Water and Wastewater Utility of the Municipality of Anchorage, explained how the money appropriated in the bill would be used, and that additional funding to complete the projects would be provided by the municipality. This was discussed.

SB 279

Senator Fahrenkamp moved to adopt the proposed sponsor substitute as a committee substitute. The motion passed without objection.

Norman Staton, assistant to the Commissioner of Revenue, said the Department has a neutral position on the bill. He agreed with the proposed amendments adopted by the House, and recommended further amendments regarding can and case size. Mr. Staton explained the fiscal note.

Richard B. Lauber, Pacific Seafood Processors Association, said he did not wholeheartedly support the bill, but could live with it. He supported the amendments proposed. He explained historical pricing patterns, and proposed a further amendment allowing for an exemption to the wholesale price for a promotional allowance.

Mitch Kink, general manager of Alaska Independent Fishermen's Marketing Association, explained the formula by which the price paid fishermen for canned salmon is calculated. He opposed the promotional allowance exemption, as it would reduce the price

paid fishermen. There was discussion of whether the proposed legislation would affect the negotiated contract.

Cass Parsons of United Fishermen of Alaska said the contract states the wholesale price is less discounts, so adding a promotional discount would lower the wholesale price, thus lowering the profit to the fishermen. Senator Sturgulewski proposed changing the effective date so that the law would not affect existing contracts. There was discussion.

William H. Beardsley, Department of Commerce, left written testimony with the committee, that clarified the Department's role in implementing SB 279.

Paul Taylor, Audit Division, Department of Revenue, agreed with Mr. Staton's testimony, and clarified that wholesale price reporting under this bill would be mandatory, not voluntary, and specified how reporting was done.

Mr. Lauber argued that since promotional allowances have historically been deducted from the wholesale price, keeping the promotional allowance out of SB 279 would increase the fishermen's profit. There was discussion of past and current statutes, and why the promotional allowance was not negotiated into the contracts.

Senator Sturgulewski requested further information on the impact of the bill before taking action.

The meeting was adjourned at 4:58 p.m.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI



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Senate

Committee on Resources

MINUTES

May 18, 1983
3:10 p.m.

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chair	Senator V. Fischer
Senator Ziegler, Vice Chair	Senator Mulcahy
Senator P. Fischer	Senator Sturgulewski

CALENDAR

Slide Presentation by Alaska Miners Association, Inc., regarding the Canadian Arctic mining tour.

- SB 279 An Act relating to wholesale prices for salmon; and providing for an effective date.
- SB 289 An Act relating to discharge of firearms, and hunting and fishing in state park and recreation areas.
- SB 268 An Act relating to the sale of Prudhoe Bay royalty oil by the State of Alaska to the Tesoro Alaska Petroleum Company; and providing for an effective date.
- SB 285 An Act relating to the sale of Cook Inlet royalty oil by the State of Alaska to the Tesoro Alaska Petroleum Company; and providing for an effective date.

Canadian Mining Tour:

Russ Babcock and Ron Sheardown of the Alaska Miners Association, presented a slideshow describing the Canadian Arctic mine tour.

SB 279

Pat Pourchot, committee aide, said the bill sets out the process of reporting prices for canned salmon to the Department of

Revenue in order to provide average wholesale price information. He said that representatives of processors and the fishing industry had met and discussed the proposed committee substitute. He explained the committee substitute and amendment #7, regarding types and amounts of discounts to be allowed in the calculation of wholesale prices.

Senator Sturgulewski moved to adopt the committee substitute. The motion passed without objection.

Senator Sturgulewski moved to adopt Amendment #7. The motion passed without objection.

Senator Mulcahy moved to report the committee substitute, as amended, out of committee with individual recommendations. The motion passed without objection.

SB 289

Mr. Johannson, Director of the Division of State Parks, read a letter from Bob Arnold explaining the hunters' dilemmas due to conflicting laws regarding hunting and discharging firearms in state parks. The Department requested postponement of action on the bill so that it could initiate regulations addressing the situation.

Senator Fahrenkamp expressed concern that the regulations would not be in place in time for the hunting season this fall. Mr. Johannson said that the Division of Parks had always taken a reasonable approach toward hunting in state parks, and that he would proceed in a timely manner. No action was taken on the bill.

SB 285 and SB 268

Senator Mulcahy moved to report SB 285 and SB 268 out of committee with individual recommendations. The motion passed without objection.

The meeting was adjourned at 3:45 p.m.

THE SENATE VERSION OF THIS BILL, SB 279, PASSED OUT OF RESOURCES COMMITTEE 5/18/83. (KERTTULA SPONSORED THE SENATE VERSION.)

HB 381 EXPANDS THE STATUTORY AUTHORITY OF THE DEPT. OF REVENUE TO REQUIRE PROCESSORS TO REPORT MONTHLY WHOLESALE PRICES FOR ALL SPECIES OF CANNED SALMON (NOW REQUIRED ONLY FOR PINK SALMON) TO PROVIDE FOR COMPUTING THE STATEWIDE AVERAGE WHOLESALE PRICE PAID FOR CANNED SALMON.

INTENT IS TO ENABLE FISHERMEN AND PROCESSORS TO NEGOTIATE FISH PRICES BASED ON A FIGURE WHICH REPRESENTS THE TRUE MARKET VALUE OF THE PRODUCT AND THE CURRENT MARKET SITUATION. THIS IS INTENDED TO AID IN THE EARLY ADOPTION OF PRICE SETTLEMENTS.

IN ADDITION, THE BILL PROVIDES THAT THE DEPT. OF COMMERCE WILL INVESTIGATE DEVELOPING A PROGRAM TO DETERMINE WHOLESALE PRICE AVERAGES FOR FRESH, FROZEN AND CURED SALMON.

SENATOR MULCAHY WILL OFFER AN AMENDMENT (SEE ATTACHED). INCLUSION OF THIS AMENDMENT IN HB 381 WILL MAKE IT IDENTICAL TO THE SENATE RESOURCES VERSION. THE AMENDMENT WOULD INCLUDE, AS PART OF THE DEPT. OF COMMERCE REPORT ON A PRICING PROGRAM, THE CONSIDERATION OF VARIOUS TYPES AND AMOUNTS OF DISCOUNTS ALLOWED IN THE CALCULATION OF WHOLESALE PRICES. THIS STEMS FROM THE PROCESSORS VS. FISHERMEN DEBATE IN COMMITTEE ON WHAT EFFECT A PROMOTIONAL DISCOUNT WOULD HAVE ON THE PRICES PAID TO FISHERMEN.