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STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST Sponsor Substitute FISCAL DETAIL
 Bill/Resolution No.: SB 232 Agency Affected: Dept. of Environmental Conser
 Title: Indemnification, seafood processing permit program Program Category Affected: Public Protection
Seafood and Animal Industries
 Sponsor: Rules Committee BRU, Program or Subprogram(s) Affected:
Seafood
 Requestor: Governor
 Date of Request: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		73.0	73.0	73.0	73.0	73.0
200 TRAVEL		10.0	10.0	10.0	10.0	10.0
300 CONTRACTUAL		60.0	10.0	10.0	10.0	10.0
400 SUPPLIES		1.2	1.2	1.2	1.2	1.2
500 EQUIPMENT		1.0	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	145.2	94.2	94.2	94.2	94.2
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	145.2	94.2	94.2	94.2	94.2
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	-0-	2				
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

General Fund appropriation by the legislature.

ANALYSIS: Attach a separate page for analysis

Prepared By: Richard Peifer Phone: 465-2663
 Division: Seafood and Animal Industry Date: 1/23/84

Approved by Commissioner: Richard A. Nene Date: 1/25/84
 Agency: Department of Environmental Conservation

Distribution (by Agency preparing fiscal note):

Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

12/1/83

Fiscal Note Analysis of SB 232

Assumptions:

1. Processors participating in the seal programs will be required to provide proof of insurance to indemnify the state.
2. Regulations and guidelines are necessary to adequately administer the indemnification and insurance requirement as part of the permitting process.

Program Summary:

Research development and administration of a process to (1) evaluate a permittee's financial ability to indemnify the state, (2) determine the degree of risk to the state associated with a processing operation, (3) determine the insurance value and type necessary for indemnification, (4) evaluate insurance policies, and (5) administrate the indemnification program.

Positions:

- 1 Environmental Sanitarian III.
This level of public health expertise is necessary to evaluate the degree of risk associated with processing operations and technology.
- 1 Clerk Typist II.
To provide clerical support necessary to the program.

Other Expenditures:

\$50,000 contractual for legal support in research and development of insurance requirements.

1.	POSITION TITLE Environmental Sanitarian III			RANGL/STEP 18/A	BARG. UNIT GGU	FORM 12 PAGE/LINE	GOV.	AMNDV.	DISAPP.
2.	TYPE OF POSITION Perin-FT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Anch.	ELECTION DISTRICT	LEG.	
3.	CONTINUATION LEVEL	ADDITION			JUSTIFICATION				
4.	TYPE OF EXPENDITURE			AMOUNT					
	1	2	3						
	PERSONAL SERVICES								
5.	Salary		2965.00						
6.	Benefits	.1583	469.36						
7.	Supplemental Benefits	.0613	181.76						
8.	Fixed Benefits		226.70						
9.	TOTAL PERSONAL SERVICES	01	3842.82	46.1					
10.	Travel	02							
11.	Contractual	03							
12.	Commodities	04							
13.	Equipment	05							
14.	Other								
15.	TOTAL COST								
<p>This position will be responsible for research, development and administration of the indemnification program.</p> <p>The duties of this position will include:</p> <ul style="list-style-type: none"> - evaluation of individual processing operations to determine the degree of risk to the state, - evaluation of a permittee's financial capability to indemnify the state, - determination of the insurance value and type necessary to indemnify the state, - evaluation of insurance policies to ensure indemnification of the state, and - general administrative duties <p>The Environmental Sanitarian III level of professional public health expertise is necessary to evaluate the degree of risk associated with processing operations and technology.</p> <p>Current staff is not capable of absorbing the additional workload without severe impact on other mandated programs and activities.</p>									
	RECEIPT CODE	FUNDING SOURCE							
16.		Federal Receipts 1002							
17.		G.F. Match 1003							
18.		General Funds 1004							
19.		I-A Receipts 1005							
20.		Program Receipts 1028							
21.		Other							
<p>FOR B&M USE ONLY</p> <p>4A KEY NUMBER _____</p>									

AGENCY Environmental Conservation

PROGRAM NRMEC/Public Protection

BRU Seafood & Animal Industries

Seafood Industry

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1.	POSITION TITLE Clerk Typist II				RANGE/STEP 7/A	BARC. UNIT GGU	FORM 12 PAGE/LINE	COV.	APPROV.	DIS/PP.
2.	TYPE OF POSITION Perm-FT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Anch.	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL		ADDITION		JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT	<p>This position will be responsible for clerical support to the indemnification program.</p> <p>Duties will include typing correspondence and documents, filing, maintaining forms and office supply inventories, answering telephone and other miscellaneous clerical duties.</p> <p>Current staff is not capable of absorbing additional work-load without severe impact on other mandated programs and activities.</p>					
	1		2	3						
	PERSONAL SERVICES									
5.	Salary		1491.00							
6.	Benefits .1583		232.86							
7.	Supplemental Benefits .0613		90.17							
8.	Fixed Benefits		226.70							
9.	TOTAL PERSONAL SERVICES	01	2020.73	24.2						
10.	Travel	02								
11.	Contractual	03								
12.	Commodities	04								
12.	Equipment	05								
14.	Other									
15.	TOTAL COST									
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004								
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								
FOR B&M USE ONLY										
4A KEY NUMBER _____										

AGENCY Environmental Conservation

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BRU Seafood & Animal Industries

Seafood Industry

COMPONENT

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(5) promulgate, repeal, and amend regulations consistent with existing law for

(A) the labeling and grading of milk and milk products and standards of cleanliness and sanitation, to at least the minimum of current recommendations of the United States Public Health Service, for the operation of dairies selling, or offering for sale, milk or milk products;

(B) the production and sale of ice cream and allied frozen desserts;

(C) the production and sale of imitation milk and imitation milk products.

(b) In this section, "commissioner" means the commissioner of environmental conservation. (§ 33-1-2(b) (c) (e) (f) ACLA 1949; am § 1 ch 193 SLA 1968; am § 1 ch 25 SLA 1972; am § 2 ch 58 SLA 1978; am Executive Order No. 51, § 3 (1981))

Revisor's notes. — The word "in" was substituted for "for purposes of" in subsection (b) by the revisor of statutes pursuant to AS 01.05.031.

Effect of amendments. — The 1978

amendment substituted "food animals, fish, poultry" for "animals and poultry" in paragraph (1) of present subsection (a).

The 1981 amendment added subsection (b).

Sec. 03.05.025. Seafood processing permits and plans of operation. (a) A person may not operate a seafood processing establishment or seafood processing vessel without a plan of operation approved in writing by the commissioner of environmental conservation and without a permit issued by the commissioner of environmental conservation that incorporates the plan of operation. To be valid, a plan of operation or a permit issued under this section must be renewed annually.

(b) A plan of operation required by this section shall describe:

(1) the proposed water supply and water treatment to be used for processing fish and fish products and for consumption by humans;

(2) the proposed means of waste treatment and disposal to be used;

(3) the proposed seafood and seafood product handling, cleaning, canning, freezing, storage, and transportation systems to be used;

(4) the proposed means to be used to ensure cleanliness, sanitation, wholesomeness, and prevention of contamination of the seafood and seafood products;

(5) the proposed means of surveillance to be used to assure product sanitation, integrity of the preservation process, and product safety; and

(6) other information that the commissioner of environmental conservation may require by regulation. (§ 2 ch 57 SLA 1982)

Effective dates. — Section 7, ch. 57, May 28, 1982 in accordance with AS SLA 1982, makes this section effective 01.10.070(c).

03.05.025

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Sec. 03.05.026. Seafood product quality standards and seals.

(a) The Alaska Seafood Marketing Institute (AS 16.51) shall design an "inspection" seal that may be used to signify that a seafood product has been packed in compliance with the requirements of a permit issued under AS 03.05.025.

(b) The Alaska Seafood Marketing Institute (AS 16.51) shall design a "premium quality" seal that may be used to signify that a seafood product has met the product specifications and standards under (d) of this section.

(c) The commissioner of environmental conservation shall authorize the use of an "inspection" seal for display on seafood products processed by a person who, at the time the products are processed, holds a permit to operate issued under AS 03.05.025, and who complies with regulations adopted under AS 03.05.025.

(d) The commissioner of environmental conservation, after consultation with the Alaska Seafood Marketing Institute, shall develop product specifications and standards for the use of the "premium quality" seal on Alaska seafood products. The commissioner shall authorize a seafood processor to display a "premium quality" seal on products that qualify for the seal if the processor meets the requirements of regulations adopted under this section and AS 03.05.025, and has been issued a permit to operate under AS 03.05.025.

(e) It is unlawful for a person to display a seal under this section without authorization from the commissioner of environmental conservation. (§ 2 ch 57 SLA 1982)

Effective dates. — Section 7, ch. 57, SLA 1982, makes this section effective May 28, 1982, in accordance with AS 01.10.070(c).

Editor's notes. — Section 6, ch. 57, SLA 1982 provides: "By January 30, 1983, the commissioner of environmental conservation shall refer it to the legislature for

proposal for implementing and financing the 'premium quality' seal program and for establishing an inspection program to ensure that products using the 'premium quality' seal meet the product specifications and standards developed under AS 03.05.026."

Sec. 03.05.035. Sale and labeling of frozen meat, fish and poultry. (a) Meat, fish or poultry which has been frozen may not be sold, represented or advertised as a fresh food.

(b) Meat, fish and poultry which has been frozen must be labeled as a frozen food, under regulations.

(c) The commissioner shall promulgate regulations which

(1) require frozen food labels for meat, fish and poultry which has been frozen; and

(2) provide for the examination and inspection of meat, fish and poultry to ascertain whether it has been frozen.

(d) In this section, "commissioner" means the commissioner of environmental conservation. (§ 5 ch 138 SLA 1974; am Executive Order No. 51, § 4 (1981))

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

SSSB
232

February 2, 1984

The Honorable Jalmar Kerttula
Alaska State Senate
Pouch V
Juneau, AK 99811

Dear Senator Kerttula:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a sponsor substitute for SB 232, relating to state indemnification from liability for injuries resulting from eating unwholesome seafood. This bill differs from the original version in that it covers only the seafood processing permit program rather than all programs in AS 03.05, and it takes an indemnification approach rather than an immunity approach.

Unfortunate instances of injury related to consumption of improperly processed Alaska seafoods have caused the state to become actively involved in monitoring of seafood processing and to develop a program of quality seals to promote public acceptance. This increased state involvement has correspondingly increased state liability exposure.

The responsibility for injuries resulting from consumption of deleterious seafood products should primarily be the responsibility of the seafood processing industry. Accordingly, this bill will require that processors responsible for injuries indemnify the state against liability which may be sustained by the state under these programs. Indemnification will promote the public interest of encouraging processors to use care, while at the same time assuring that in those instances where the processor is uninsured and judgment-proof there will remain state liability to the injured party.

To try to minimize the state's exposure to liability in the case of a judgment-proof seafood processor, sec. 2 of this bill authorizes the commissioner of environmental conservation to require proof of adequate insurance in individual cases of processors who want to use either the state "inspection" seal or state "premium quality" seal, before the commissioner authorizes use of the seal under existing AS 03.05.026.

This sponsor substitute acknowledges the concerns expressed last year about the original version, and takes a different approach that, I believe, is in the best interests of all Alaskans. I urge your favorable action on this measure.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Sheffield".

Bill Sheffield
Governor