

S B

3 4 5



SENATOR FRED F. ZHAROFF

ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:

P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 485-3473 • 485-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • Pribilof Islands • SHUMAGIN ISLANDS

MEMORANDUM

TO: Representative Cliff Davidson
Chairman
House Resources Committee

FROM: Senator Fred F. Zharoff

DATE: May 9, 1992

RE: CS For Senate Bill 345 (Finance) - "An Act relating to the commercial fisheries development endowment; and providing for an effective date."

BILL SUMMARY: CSSB 345 establishes a commercial fisheries development endowment in the Department of Revenue. The endowment would benefit the Alaska Fisheries Development Foundation.

The endowment would be managed and invested by the Division of Treasury. At the end of each fiscal year, AFDF would receive the earnings. The endowment would exist for a 10 year period. This would give the legislature the ability to review and reevaluate the state's fisheries research and development funding needs at that time.

The endowment would not be established without the passage of a separate appropriation bill.

FISCAL IMPACT: No financial cost to the general fund. The bill authorizes administrative expenses (estimated at \$9,000) to be paid for out of the net income generated by the endowment.

PREVIOUS ACTION: Moved out of the Senate Resources Committee on Feb. 12 (5 DP). Moved out of the Senate Finance Committee on April 29 (4 DP, 1 NR). Passed the State Senate 19-0 on May 5. Moved out of the House Labor and Commerce Committee on May 7 (3 DP, 3 NR).

BACKGROUND INFORMATION: The Alaska Fisheries Development Foundation was founded in 1978 and has operated primarily on federal Saltonstall-Kennedy fisheries development funds made available through a national competitive grant program. These funds were used for a variety of fisheries development projects, including a surimi demonstration project that led

directly to the establishment of a new shorebased industry in Alaska.

Due to changing federal budget priorities, the S-K funds (from tariffs on imported fisheries products) have been increasingly siphoned off to fund National Marine Fisheries Service administrative functions. The grant program has been reduced from \$7-9 million available throughout the 1980's to \$3.4 million available in federal fiscal year 1992 to \$500,000 available for federal fiscal year 1993.

AFDF -- if it is to continue to provide benefits to the people who live and work in Alaska -- must find a new source of funding.

The advantages of the endowment are that it provides AFDF with an annual source of funding, and it allows the state to retain control of the money and to monitor AFDF's efforts. AFDF also would conduct a fund raising campaign to establish its own private endowment.

ATTACHED BACKUP INFORMATION:

1. Sectional analysis.
2. Letter of support from Mr. Carl Rosier, commissioner of the Department of Fish and Game.
3. Letter from Mr. Ed Crane, president of the Alaska Commercial Fishing and Agricultural Bank.
4. Resolution from the Kodiak Chamber of Commerce.
5. AFDF fact sheet.

SECTIONAL ANALYSIS

Proposed CS For Senate Bill No. 345 (Resources)

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

SECTION 1

FINDINGS.

Explains the bill's intent and background.

SECTION 2

Sec. 37.14.350. COMMERCIAL FISHERIES DEVELOPMENT ENDOWMENT ESTABLISHED.

- (a) Establishes the commercial fisheries development endowment in the Department of Revenue as a separate endowment trust fund of the state in order to benefit the Alaska Fisheries Development Foundation. Explains the purpose of the endowment.
- (b) Requires the commissioner of revenue to determine the net income of the endowment and, in doing so, preserve the distinction between principal and income.

Sec. 37.14.360. ENDOWMENT UTILIZATION.

- (a) Requires retention of gains and losses in the endowment principal.
- (b) Allows for two general uses of the endowment income. These are commercial fisheries development research projects and research on the effects of oil spills on commercial fisheries, and the department's expenses in administering the endowment.
- (c) Requires unexpended net income to be invested until paid or expended.

Sec. 37.14.370. POWERS AND DUTIES OF THE COMMISSIONER OF REVENUE.

Lists the commissioner's responsibilities in managing the endowment.

Sec. 37.14.380. DUTIES OF THE FOUNDATION.

- (a) Requires the foundation to provide copies of annual reports and financial audits to the commissioner of revenue and the legislature by Jan. 15 of each year.
- (b) Authorizes the legislative auditor to have access to foundation records.

Sec. 37.14.390. DEFINITIONS.

Defines "department", "endowment", and "foundation".

SECTION 3

- (a) Sunset clause, effective July 2, 2003.
- (b) Requires the endowment principal, upon repeal of this statute, to be deposited into the fund from which it was appropriated.

SECTION 4

Immediate effective date.

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

P.O. BOX 3-2000
JUNEAU, ALASKA 99802-2000
PHONE: (907) 465-4100

February 19, 1992

RECEIVED FEB 25 1992

The Honorable Jay Kerttula
and Pat Pourchot
Co-Chairs
Senate Finance Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senators Kerttula and Pourchot:

I believe that the effort to develop new products for Alaskan salmon is such an important part of a successful marketing strategy for Alaskan salmon, that I wish to offer my support for Senate Bills 345 and 346.

The development of new product forms for salmon has been a topic of interest for many years. The greatest attention that the subject received in recent years was during the aftermath of the botulism incident in the early 1980s, which resulted in a massive disruption of traditional markets for canned salmon.

New product development is a high risk endeavor. Many times, the most promising ideas do not develop the way their promoters hope they will. An example of this was the development of a skinless and boneless form of canned salmon. While this idea seemed initially to have great promise, the industry has had only limited success with this product form.

In order to succeed in the development of new product forms, a coordinated and sustained effort is required. It would be wonderful if the salmon industry recovered from its current crisis with the speed that the industry recovered from the botulism incident a decade ago, but I question this occurring. If I am proven wrong on the recovery issue, the efforts to develop new products and new consumers for Alaskan salmon still must continue.

Senate Bills 345 and 346 create a long needed instrument that can provide the type of sustained, coordinated, and successful effort that Alaska's salmon industry needs. The Alaska Fisheries Development Foundation (AFDF) is guided by an industry board that brings broad experience in food production and marketing to AFDF's program. AFDF has been successful with similar product development efforts for other species. They are the right choice to tackle this large task.

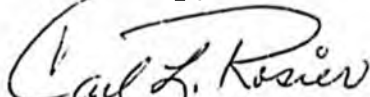
Hon. Kerttula and Pourchot

-2-

February 19, 1992

Funding for this project is, of course, problematic. With state revenues falling from both declining salmon and oil prices, the job of finding the money for this or any other new project, no matter how commendable, is a very difficult problem. Your consideration and interest in this area of industry support is appreciated.

Sincerely,


Carl L. Rosier
Commissioner

✓cc: Senator Fred Zharoff



2550 Denali Street, Suite 1201
P. O. Box 92070
Anchorage, Alaska 99509-2070
(907) 276-2007

January 23, 1992


RECEIVED JAN 27 1992

Senator Fred F. Zharoff
Alaska State Legislature
Post Office Box V
Juneau, Alaska 99811

Dear Senator Zharoff,

This is to express strong personal and institutional support for the substance and purpose of Senate Bill 345 (and related SB 346). The Alaska Fisheries Development Foundation seems to be one of the most highly regarded and widely respected organizations in and around the Alaska seafood industry. Although there has never been occasion for a direct relationship between CFAB and AFDF, we have had many opportunities to observe the relevance of its efforts, the professionalism of its staff and structure, and the broad and positive impacts of its results. We believe it is an effective and efficient organization. Please advise us if there is an opportunity to assist your efforts in connection with this legislation.

Very truly yours,


Edward E. Crane
President

EEC:dav

Alaska Commercial Fishing and Agriculture Bank

JAN-28-91 MON 3:21 BURCH BROTHERS

P. 1

KODIAK CHAMBER OF COMMERCE
01-01-91

WHEREAS the Alaska Fisheries Development Foundation was established in 1978 by the Alaska seafood industry to develop the commercial fisheries resources of Alaska; and

WHEREAS previously the seafood industry did not work together to develop new opportunities and, because of the small size of most companies, was not effectively pursuing opportunities; and

WHEREAS the industry recognized the value of collectively working to identify and carry out research and development projects to further the industry; and

WHEREAS the Alaska Fisheries Development Foundation has used its industry base to identify, fund, manage, and complete projects which have resulted in millions of metric tons of new seafood products from Alaska; and

WHEREAS the results and benefits from these efforts are available to any company or individual who requests the information, unlike previous limited internal efforts by private interests; and

WHEREAS these projects have benefited fishermen, processors, and the support sectors of the seafood industry throughout Alaska; and

WHEREAS the Foundation has successfully brought to the State more than \$13 million in industry research funds; and

WHEREAS specific projects have resulted in the development of the domestic surimi industry, flatfish fillet processing, minced pink salmon production, innovative seafood by-product processing methods, vessel harvesting modifications, and improved quality control for our seafood harvesters and processors; and

WHEREAS in Alaska six shore-based and at least fifteen vessel-based surimi processing plants are in operation with employees numbering in the thousands; and

WHEREAS many of the Foundation's projects have resulted in expanding and extending the production of seafood products resulting in more employment and a longer production season; and

JAN-26-91 MON 3:24 BURCH BROTHERS

P. C

WHEREAS there are many more opportunities for the seafood industry to expand to benefit Alaska; and

WHEREAS the industry directed methods developed and perfected by the Foundation to fully develop opportunities have been proven repeatedly over the past thirteen years; and

WHEREAS a fully endowed administration for fisheries development would further the goals of fisheries development in Alaska;

NOW THEREFORE BE IT RESOLVED that the Kodiak Chamber of Commerce expresses its appreciation for the results of past Foundation development projects; and be it

FURTHER RESOLVED that the Kodiak Chamber of Commerce respectfully requests the Governor and legislature of Alaska to support funding an administration endowment for the Alaska Fisheries Development Foundation in the amount of five million dollars.

Copies of this resolution shall be sent to the Governor and legislators of Alaska.

Signed this 22 day of January, 1991

KODIAK CHAMBER OF COMMERCE

Linda Stapleton

 Linda Stapleton
 Secretary to the Board

Joanne Demke

 Joanne Demke
 President

KH



ALASKA FISHERIES DEVELOPMENT FOUNDATION ENDOWMENT

What Is The Foundation And What Is Its Goal?

* The Alaska Fisheries Development Foundation (AFDF) is a private non-profit corporation formed in 1978 by the Alaska seafood industry to satisfy the research and development needs of Alaska's commercial fishing industry.

* The Foundation acts as a catalyst for all segments of the seafood industry, including the scientific and research communities, to demonstrate new technologies and ideas for the benefit of Alaskan seafood producers, users, consumers and fishery managers.

What Does The Foundation Do?

* AFDF conceptualizes and acquires funding for demonstration projects which allow the Alaskan seafood industry to test and apply new technologies in plants or aboard vessels that expand opportunities, increase yields and make better use of Alaska's fish resources. These are projects that few companies could afford or have the ability to conduct on their own.

* AFDF demonstration projects have helped Alaskan fishermen and processors develop new harvesting and processing techniques, create new markets for seafood products, experiment with new product forms, create economic opportunities for coastal communities, reduce fisheries waste, increase yields and pioneer technologies that return the maximum benefit to Alaskans and the people of the United States.

* In its first 14 years, AFDF brought over \$13 million in federal Saltonstall-Kennedy research and development funds to Alaska, and conducted hundreds of successful projects--many of which brought multi-million-dollar benefits to the Alaska seafood industry and to seafood-dependent communities.

What Has AFDF Accomplished?

* In the past, AFDF projects have:

- Pioneered surimi and pollock production technology on shore in Alaska, resulting in a \$500 million/year industry in Alaska;

- Developed a whole new fishery based on Alaskan flatfish species, a bountiful resource that was not commercially used before AFDF'S project. In the first three years since AFDF's flatfish development project, commercial flatfish fillet production has already brought \$12 million/year into Alaska's economy and has not yet realized its full potential;

- Led ground-breaking research into surimi production from arrowtooth flounder, a development that could lead to a second raw material source for surimi in Alaska;

- Spearheaded the development of new, profitable uses for

seafood processing byproducts to help seafood producers turn waste into marketable products;

- AFDF demonstration projects have resulted in over 2,000 full-time year-round jobs, which are a permanent addition to the Alaska economy; and

- Identified and realized hundreds of opportunities for fishermen, processors and secondary processors to make fuller use of the protein from Alaska's fish, to reap more long-term, year-round benefits from Alaska's fisheries, and to return more benefits to the state of Alaska and the public.

Why is AFDF Pursuing A State-Funded Endowment?

- * AFDF has obtained a vast majority of its project funding from the federal Saltonstall-Kennedy program, which was set-up to fund industry conceived and directed development projects.

- * The Saltonstall-Kennedy program, like many federal programs, has suffered considerable funding cuts. These reductions accurately reflect the fully developed status of commercial fisheries opportunities in most of the United States. But, Alaska has only recently begun to develop its commercial fishing resources beyond traditional species such as salmon and crab, and these federal budget reductions are limiting one of the greatest economic development opportunities in the country.

- * AFDF is now seeking a fisheries development endowment to ensure that Alaska can continue to reap economic benefit from successful research and development, and to ensure that such development projects remain within the control of Alaskan fishermen and processors, and the citizens of Alaska, and are not controlled by the whims of federal funding and/or national politics.

- * Fisheries make up Alaska's second most important private industry, and its largest private employer. AFDF has contributed, directly and indirectly, to the growth, stability and competitiveness of this industry. Alaska cannot afford to allow such an effective force to be lost due to a lack of federal fisheries funding priorities.

Why Doesn't Industry Pay For The Endowment?

- * Industry already provides more than \$350,000 dollars each year to the operations and projects of the Foundation.

- * The Foundation is also soliciting endowment funds from private industry and already has made a deposit to the endowment.

- * The benefits of high risk industry research and development accrue to all sectors of Alaska and is therefore an investment within the purview of State expenditures.



SENATOR FRED F. ZHAROFF

ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:

P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 486-3473 • 405-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

MEMORANDUM

TO: Representative David Finkelstein
Chairman
House Labor and Commerce Committee

FROM: Senator Fred F. Zharoff

DATE: May 6, 1992

RE: CS For Senate Bill 345 (Finance) - "An Act relating to the commercial fisheries development endowment; and providing for an effective date."

BILL SUMMARY: CSSB 345 establishes a commercial fisheries development endowment in the Department of Revenue. The endowment would benefit the Alaska Fisheries Development Foundation.

The endowment would be managed and invested by the Division of Treasury. At the end of each fiscal year, AFDF would receive the earnings. The endowment would exist for a 10 year period. This would give the legislature the ability to review and reevaluate the state's fisheries research and development funding needs at that time.

The endowment would not be established without the passage of a separate appropriation bill.

FISCAL IMPACT: The Department of Revenue submitted a \$9,000 fiscal note to cover the endowment's administrative expenses. This is contingent on an appropriation for the endowment. The \$9,000 would be deducted from the endowment's earnings. The Department of Fish and Game submitted a zero fiscal note.

PREVIOUS ACTION: Moved out of the Senate Resources Committee on Feb. 12 (5 DP). Moved out of the Senate Finance Committee on April 29 (4 DP, 1 NR). Passed the State Senate 19-0 on May 5.

BACKGROUND INFORMATION: The Alaska Fisheries Development Foundation was founded in 1978 and has operated primarily on federal Saltonstall-Kennedy fisheries development funds made available through a national competitive grant program. These funds were used for a variety of fisheries development projects, including a surimi demonstration project that led

directly to the establishment of a new shorebased industry in Alaska.

Due to changing federal budget priorities, the S-K funds (from tariffs on imported fisheries products) have been increasingly siphoned off to fund National Marine Fisheries Service administrative functions. The grant program has been reduced from \$7-9 million available throughout the 1980's to \$3.4 million available in federal fiscal year 1992 to \$500,000 available for federal fiscal year 1993.

AFDF -- if it is to continue to provide benefits to the people who live and work in Alaska -- must find a new source of funding.

The advantages of the endowment are that it provides AFDF with an annual source of funding, and it allows the state to retain control of the money and to monitor AFDF's efforts. AFDF also would conduct a fund raising effort to establish its own private endowment.

ATTACHED BACKUP INFORMATION:

1. Sectional analysis.
2. Department of Revenue fiscal note.
2. Department of Fish and Game fiscal note.
3. Letter of support from Mr. Carl Rosier, commissioner of the Department of Fish and Game.
4. Letter from Mr. Ed Crane, president of the Alaska Commercial Fishing and Agricultural Bank.
5. Resolution from the Kodiak Chamber of Commerce.
6. AFDF fact sheet.



SENATOR FRED F. ZHAROFF

ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:

P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474

1

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

SECTIONAL ANALYSIS

CS For Senate Bill No. 345 (Finance)

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

SECTION 1

FINDINGS.

Explains the bill's intent and background.

SECTION 2

Sec. 37.14.350. COMMERCIAL FISHERIES DEVELOPMENT ENDOWMENT ESTABLISHED.

- (a) Establishes the commercial fisheries development endowment in the Department of Revenue as a separate endowment trust fund of the state in order to benefit the Alaska Fisheries Development Foundation. Explains the purpose of the endowment.
- (b) Requires the commissioner of revenue to determine the net income of the endowment and, in doing so, preserve the distinction between principal and income.

Sec. 37.14.360. ENDOWMENT UTILIZATION.

- (a) Requires retention of gains and losses in the endowment principal.
- (b) Allows for two uses of the endowment income. These are commercial fisheries development research projects and the department's expenses in administering the endowment.
- (c) Requires unexpended net income to be invested until paid or expended.

Sec. 37.14.370. POWERS AND DUTIES OF THE COMMISSIONER OF REVENUE.

Lists the commissioner's responsibilities in managing the endowment.

Sec. 37.14.380. DUTIES OF THE FOUNDATION.

- (a) Requires the foundation to provide copies of annual reports and financial audits to the commissioner of revenue and the legislature by Jan. 15 of each year.
- (b) Authorizes the legislative auditor to have access to foundation records.

Sec. 37.14.390. DEFINITIONS.

Defines "department", "endowment", and "foundation".

SECTION 3

- (a) Sunset clause, effective July 2, 2003.
- (b) Requires the endowment principal, upon repeal of this statute, to be deposited into the state general fund.

SECTION 4

Immediate effective date.

FISCAL NOTE

2

STATE OF ALASKA
992 LEGISLATIVE SESSION

BILL NO. CSSB 345

Revision Date: 4/24/92

Department Affected: Revenue

Title: An act relating to the commercial fisheries develop-
ment endowment; and providing for an effective date.

BRU: Operations

Component: Treasury Management

Sponsor: Senator Zharoff

Component Serial No.

Requestor: Senate Finance Committee

0	1	2	1
---	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	3.0	3.0	3.0	3.0	3.0	3.0
TRAVEL						
CONTRACTUAL	6.0	6.0	6.0	6.0	6.0	6.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	9.0	9.0	9.0	9.0	9.0	9.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND/Unrestricted						
FEDERAL FUNDS						
OTHER	9.0	9.0	9.0	9.0	9.0	9.0
TOTAL	9.0	9.0	9.0	9.0	9.0	9.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Impact of current year impact: None

ANALYSIS: The 6.0 expenditure in total operating costs is the basic contractual costs for a trust managed by the Treasury Division. Contractual costs would consist of internal investment management, accounting and custodial services. Future cost increases are dependent on the asset growth of the trust fund from contributions and market gains.

Prepared by: Brian C. Andrews, Deputy Commissioner

Phone: 2300

Division: Treasury

Date: April 24, 1992

Approved by Commissioner: [Signature]

Account: Revenue

Contribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. SB 345 and SB 346

Revision Date: 1/27/92 Department Affected: Fish and Game
 Title: Commercial Fisheries Development BRU: Commercial Fisheries
 Endowments: _____ Component: Commercial Fisheries
 Sponsor: Senator Zharoff
 Requestor: Senate Resources Committee COMPONENT SERIAL NO.

4	5	9
---	---	---

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0					
TRAVEL	0					
CONTRACTUAL	0					
SUPPLIES	0					
EQUIPMENT	0					
LAND & STRUCTURES	0					
GRANTS, CLAIMS	0					
MISCELLANEOUS	0					
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE FUND SOURCE:	0	0	0	0	0	0
-------------------------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Bob Clasby Phone: 465-4210
 Division: Commercial Fisheries Date: 1/27/92
 Approved by Commissioner: Cliff R. Rainey
 Agency: Dept. of Fish and Game Date: 1/29/92

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

P.O. BOX 3-2000
JUNEAU, ALASKA 99802-2000
PHONE: (907) 465-4100

February 19, 1992

RECEIVED FEB 25 1992

4

The Honorable Jay Kerttula
and Pat Pourchot
Co-Chairs
Senate Finance Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senators Kerttula and Pourchot:

I believe that the effort to develop new products for Alaskan salmon is such an important part of a successful marketing strategy for Alaskan salmon, that I wish to offer my support for Senate Bills 345 and 346.

The development of new product forms for salmon has been a topic of interest for many years. The greatest attention that the subject received in recent years was during the aftermath of the botulism incident in the early 1980s, which resulted in a massive disruption of traditional markets for canned salmon.

New product development is a high risk endeavor. Many times, the most promising ideas do not develop the way their promoters hope they will. An example of this was the development of a skinless and boneless form of canned salmon. While this idea seemed initially to have great promise, the industry has had only limited success with this product form.

In order to succeed in the development of new product forms, a coordinated and sustained effort is required. It would be wonderful if the salmon industry recovered from its current crisis with the speed that the industry recovered from the botulism incident a decade ago, but I question this occurring. If I am proven wrong on the recovery issue, the efforts to develop new products and new consumers for Alaskan salmon still must continue.

Senate Bills 345 and 346 create a long needed instrument that can provide the type of sustained, coordinated, and successful effort that Alaska's salmon industry needs. The Alaska Fisheries Development Foundation (AFDF) is guided by an industry board that brings broad experience in food production and marketing to AFDF's program. AFDF has been successful with similar product development efforts for other species. They are the right choice to tackle this large task.

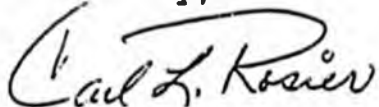
Hon. Kerttula and Pourchot

-2-

February 19, 1992

Funding for this project is, of course, problematic. With state revenues falling from both declining salmon and oil prices, the job of finding the money for this or any other new project, no matter how commendable, is a very difficult problem. Your consideration and interest in this area of industry support is appreciated.

Sincerely,



Carl L. Rosier
Commissioner

✓cc: Senator Fred Zharoff



2550 Denali Street, Suite 1201
P. O. Box 92070
Anchorage, Alaska 99509-2070
(907) 276-2007

January 23, 1992


5
RECEIVED JAN 27 1992

Senator Fred F. Zharoff
Alaska State Legislature
Post Office Box V
Juneau, Alaska 99811

Dear Senator Zharoff,

This is to express strong personal and institutional support for the substance and purpose of Senate Bill 345 (and related SB 346). The Alaska Fisheries Development Foundation seems to be one of the most highly regarded and widely respected organizations in and around the Alaska seafood industry. Although there has never been occasion for a direct relationship between CFAB and AFDF, we have had many opportunities to observe the relevance of its efforts, the professionalism of its staff and structure, and the broad and positive impacts of its results. We believe it is an effective and efficient organization. Please advise us if there is an opportunity to assist your efforts in connection with this legislation.

Very truly yours,


Edward E. Crane
President

EEC:dav

JAN-28-91 MON 3:21 BURCH BROTHERS

P. 1

6

KODIAK CHAMBER OF COMMERCE
01-01-91

WHEREAS the Alaska Fisheries Development Foundation was established in 1978 by the Alaska seafood industry to develop the commercial fisheries resources of Alaska; and

WHEREAS previously the seafood industry did not work together to develop new opportunities and, because of the small size of most companies, was not effectively pursuing opportunities; and

WHEREAS the industry recognized the value of collectively working to identify and carry out research and development projects to further the industry; and

WHEREAS the Alaska Fisheries Development Foundation has used its industry base to identify, fund, manage, and complete projects which have resulted in millions of metric tons of new seafood products from Alaska; and

WHEREAS the results and benefits from these efforts are available to any company or individual who requests the information, unlike previous limited internal efforts by private interests; and

WHEREAS these projects have benefited fisherman, processors, and the support sectors of the seafood industry throughout Alaska; and

WHEREAS the Foundation has successfully brought to the State more than \$13 million in industry research funds; and

WHEREAS specific projects have resulted in the development of the domestic surimi industry, flatfish fillet processing, minced pink salmon production, innovative seafood by-product processing methods, vessel harvesting modifications, and improved quality control for our seafood harvesters and processors; and

WHEREAS in Alaska six shore-based and at least fifteen vessel-based surimi processing plants are in operation with employees numbering in the thousands; and

WHEREAS many of the Foundation's projects have resulted in expanding and extending the production of seafood products resulting in more employment and a longer production season; and

JAN-28-91 MON 3:24 BURCH BROTHERS

P. 6

WHEREAS there are many more opportunities for the seafood industry to expand to benefit Alaska; and

WHEREAS the industry directed methods developed and perfected by the Foundation to fully develop opportunities have been proven repeatedly over the past thirteen years; and

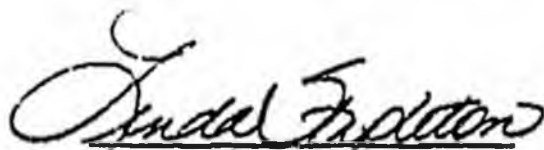
WHEREAS a fully endowed administration for fisheries development would further the goals of fisheries development in Alaska;

NOW THEREFORE BE IT RESOLVED that the Kodiak Chamber of Commerce expresses its appreciation for the results of past Foundation development projects; and be it

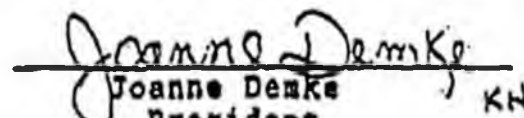
FURTHER RESOLVED that the Kodiak Chamber of Commerce respectfully requests the Governor and legislature of Alaska to support funding an administration endowment for the Alaska Fisheries Development Foundation in the amount of five million dollars.

Copies of this resolution shall be sent to the Governor and legislators of Alaska.

Signed this 22 day of January, 1991


 Linda Stapleton
 Secretary to the Board

KODIAK CHAMBER OF COMMERCE


 Joanne Denke
 President KN



ALASKA FISHERIES DEVELOPMENT FOUNDATION ENDOWMENT

What Is The Foundation And What Is Its Goal?

* The Alaska Fisheries Development Foundation (AFDF) is a private non-profit corporation formed in 1978 by the Alaska seafood industry to satisfy the research and development needs of Alaska's commercial fishing industry.

* The Foundation acts as a catalyst for all segments of the seafood industry, including the scientific and research communities, to demonstrate new technologies and ideas for the benefit of Alaskan seafood producers, users, consumers and fishery managers.

What Does The Foundation Do?

* AFDF conceptualizes and acquires funding for demonstration projects which allow the Alaskan seafood industry to test and apply new technologies in plants or aboard vessels that expand opportunities, increase yields and make better use of Alaska's fish resources. These are projects that few companies could afford or have the ability to conduct on their own.

* AFDF demonstration projects have helped Alaskan fishermen and processors develop new harvesting and processing techniques, create new markets for seafood products, experiment with new product forms, create economic opportunities for coastal communities, reduce fisheries waste, increase yields and pioneer technologies that return the maximum benefit to Alaskans and the people of the United States.

* In its first 14 years, AFDF brought over \$13 million in federal Saltonstall-Kennedy research and development funds to Alaska, and conducted hundreds of successful projects--many of which brought multi-million-dollar benefits to the Alaska seafood industry and to seafood-dependent communities.

What Has AFDF Accomplished?

* In the past, AFDF projects have:

- Pioneered surimi and pollock production technology on shore in Alaska, resulting in a \$500 million/year industry in Alaska;

- Developed a whole new fishery based on Alaskan flatfish species, a bountiful resource that was not commercially used before AFDF'S project. In the first three years since AFDF's flatfish development project, commercial flatfish fillet production has already brought \$12 million/year into Alaska's economy and has not yet realized its full potential;

- Led ground-breaking research into surimi production from arrowtooth flounder, a development that could lead to a second raw material source for surimi in Alaska;

- Spearheaded the development of new, profitable uses for