

H B

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Senate Resources Committee
Letter of intent
for
House Bill 369(L&C)

It is the intent of the Seventeenth Legislature that this legislation does not mandate a listed current price if a prior written agreement exists between a seller and a buyer.

It is further the intent that this legislation does not preclude the payment of bonuses, post-season adjustments, or other forms of compensation that are in addition to the price paid at the time of delivery of the salmon.

5/12/92
Senate adopted

House of Representatives

While in Session:
Alaska House of Representatives
State Capitol
Juneau, AK 99801-1182
(907)465-4942

P.O. Box 47001
Pedro Bay, Alaska 99647
(907)850-2208

Interim Office: 561-6154



Member
Finance Committee

Finance
Subcommittee Chair:
Courts
Department of Public Safety
Finance
Subcommittee Member:
Department of Fish and Game

Rep. George Jacko, Jr.

MEMORANDUM

TO: Senator Lloyd Jones, Chairman
Senate Resources

FROM: Representative George Jacko, Jr.

DATE: May 7, 1992

SUBJ: HB 369 - current salmon prices

=====

This memo is to respectfully request that you schedule HB 369 at your earliest convenience. HB 369 requires current salmon prices to be included on fish tickets and posted on premises where salmon is purchased.

HB 369 has zero fiscal notes from the Departments of Fish and Game, Public Safety, and Revenue. It was passed out of the House Resources and Labor and Commerce committees before being waived by the Finance Committee.

HB 369 originally requested fishbuyers to propose a price before the start of a salmon season. After consultation with fishermen and others, I decided to eliminate the preseason requirement. The bill now requires current prices to be included on fish tickets and to be displayed where salmon is bought and sold.

HB 369 addresses the increasing problem of "open ticket" fishing. It is becoming increasingly common in Bristol Bay for fishermen to go fishing not knowing prices until a later date. The open ticket problem played a large part in the organized efforts of last summer.

A careful distinction -- HB 369 does not preclude price adjustments at any time.

Thank you for your consideration of this matter.

CS FOR HOUSE BILL NO. 369 (L&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 4/29/92
Referred: Finance

Sponsor(s): REPRESENTATIVE JACKO

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the price paid to fishermen for salmon."

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 * Section 1. AS 16.05.690 is amended by adding a new subsection to read:

4 (c) A fish ticket recording the purchase of salmon must include the current price paid per
5 pound for each species of salmon purchased.

6 * Sec. 2. AS 16.10 is amended by adding a new section to read:

7 Sec. 16.10.277. POSTING OF CURRENT SALMON PRICE. A fish processor, primary
8 fish buyer, or cooperative corporation organized under AS 10.15 shall prominently post the
9 current price being paid for salmon at each location where salmon are purchased.



UNITED FISHERMEN OF ALASKA

211 4th Street, Suit 112
Juneau, AK 99801
907-586-2820
Fax# 907-463-2545

May 1, 1992

MEMBER ASSOCIATIONS

Alaska Crab Coalition
Alaska Independent Fishermen's
Marketing Association
Alaska Longline Fisherman's
Association
Alaska Trollers Association
Bering Sea Fishermen's Association
Bristol Bay Driftnetters Association
Concerned Area 'M' Fishermen
Cook Inlet Aquaculture Association
Copper River Fishermen's Cooperative
Cordova District Fishermen United
Kenai Peninsula Fishermen's Association
North Pacific Fisheries Association
Northern Southeast Regional
Aquaculture Association
Peninsula Marketing Association
Peter Lurg Vessel Owners Association
Prince William Sound
Aquaculture Association
Prince William Sound Seiners Association
Seafood Producers Cooperative
Southeast Alaska Seiners
Southern Southeast Regional
Aquaculture Association
United Cook Inlet Drift Association
United Southeast Alaska Gillnetters
Western Alaska Cooperative
Marketing Association
Area K Seiners Association

The Honorable George Jacko
House of Representatives
Post Office Box V
Juneau, Alaska 99811

Re: CSHB 369

Dear Representative Jacko:

I would like to take this opportunity to express to you the support of the United Fishermen of Alaska for the Committee Substitute for House Bill 369.

This legislation very realistically addresses the failure of buyers to place a current price per pound on fish tickets. This has created tremendous problems for fishermen.

It is the feeling of UFA that this proposed legislation, if enacted, will resolve that problem.

Thank you for sponsoring this legislation and for the opportunity to comment on this bill.

Very truly yours,

Greg Seider
Executive Director

MAY 05 1992

SOUTHEAST ALASKA SEINERS ASSOCIATION
P.O. BOX 9579
KETCHIKAN, ALASKA 99901

(907) 225-5156

May 1, 1992

Representative George Jacko
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear George,

It is my understanding that the current CS for HB 369 simply requires a current fish price to be recorded on fish tickets. With this change, we no longer oppose HB 369.

I appreciate your willingness to work with fishing organizations on this legislation.

Sincerely,



Kathryn Troll
Executive Director

Editorial

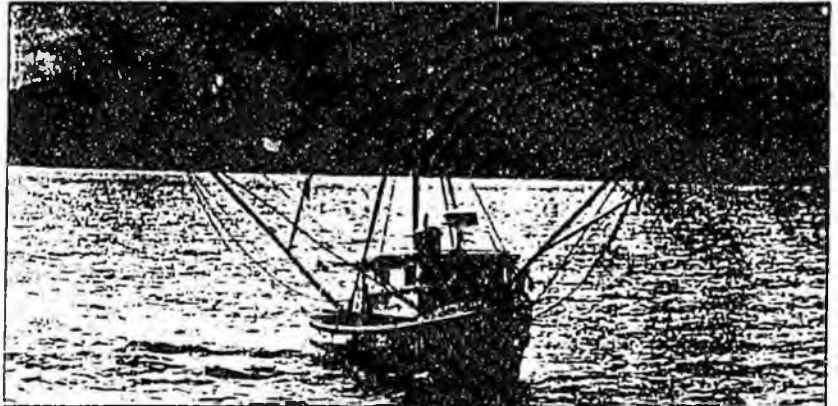
New business legislation

Dave Choquette and Larry Baker are at it again in Juneau, quietly pushing through important new business legislation. Last year, the two freshmen Republicans from Anchorage demonstrated that even members of the minority GOP — and first-term freshmen, at that — can get major legislation through the Democrat-controlled State House. They may be up for an encore performance this year.

This year there are two proposals, one in which the two are co-sponsor that involves a further reworking of commercial and industrial loan programs of the Alaska Industrial Development and Export Authority, the subject of last year's success. The second is a plan by Larry Baker that expands the ability of municipalities to form port authorities.

The AIDEA bill, both this year and last, makes lending programs of the authority more flexible, and more workable for commercial banks to act as loan participants. Last year's change allowed banks to amortize their share of loan participations on a shorter schedule than AIDEA. Previously, both the banks were required to match the longer terms of AIDEA's participation, requirements which made the program unworkable for commercial banks here. Alaska banks have very limited capital available for long-term lending; this change enables them to get their money out quicker, and get it into new projects.

The 1992 change removes a \$10 million limit on the total value of loans in which AIDEA participates, which enables the authority to get involved in bigger commercial projects (although AIDEA's exposure is still limited to \$10 million). Another change enables the authority to guarantee small commercial business loans with floating rates, removing the previous requirement of fixed-rates, which banks didn't like on small business loans.



Fishing vessel on the prowl

Photo by Steve McCutcheon

Commentary

Bill says: state your prices before fishing season opens

By Rep. George Jacko Jr.

Following the events of last summer and after considerable thought about the future of the salmon industry, I decided to introduce legislation requiring salmon prices be posted in advance of the season. My intention is to get fishermen and fishbuyers discussing prices before the first fish swims up the river.

To my knowledge, this issue has never been directly addressed by the Legislature. In fact, serious discussion has never gone beyond the make-shift podiums of the summer boycotts and the ad hoc fisheries organizations formed during the heat of the moment, while the fish madly swam up the rivers.

After the organized efforts of last summer, I think it's time that the issue of pre-season prices be brought before the Legislature.

Presently, the Department of Labor can intervene 120 days before a season if a third of the fishermen in an area are in a price dispute with fishbuyers. However, this law has never been utilized. Most would agree in the difficulty involved in getting fishermen together and obtaining a formal response from fishbuyers before the start of a season.

If HB 369 becomes law, fishermen will have a base price in advance that they can research and compare. The Department of Labor could then become involved, if necessary. This would alleviate many of the problems faced last summer.

Too often the rumor mill is the only source of pricing information available to fishermen. Walking the docks in the summertime, one learns it is not processors who come forth with meaningful information, rather, it is someone who heard from someone else what processor A or processor B is offering.

Although no one expects fishbuyers to publicly disclose their marketing strategy, the fact that many don't offer any information until the last moment is upsetting and certainly disadvantageous to the industry. This has been the norm in the industry for many years.

From a processor's perspective, if your competitor does not offer any pre-season information, then why should you?

However, if Alaska law mandates an exchange, then all processors will have to step up to the plate

with at least some solid marketing information before the season. A careful distinction under my legislation, processors will not be precluded from adjusting prices upward at any time.

Fishermen statewide have expressed interest in improving the dialogue with fishbuyers. I'm sure the first question on everyone's mind is, "Can and should government impose stringent regulations on the fishing industry?"

The Legislature will have to consider this from a philosophical as well as a practical standpoint. From my perspective, this matter, at the very least, deserves formal consideration.

According to the attorney general, a pre-season price requirement is within the parameters of the state constitution.

The last time this issue came before the Legislature was during 1973, when the limited entry system was being crafted. A general belief existed then that salmon processors still maintained a significant hold over individual fishermen. Through credit and financing arrangements, they had the power to decide who would fish for a particular company.

Elements of collusion still remain. Although at a preliminary stage, the Department of Law is investigating allegations of price fixing in Bristol Bay and has already indicated that persuasive evidence exists regarding the setting of prices.

As the salmon industry undergoes fundamental change, it is important that the Legislature thoroughly examine what state government can do to provide direction and support. Policy guidelines will need to be established, so we don't find ourselves frantically trying to institute emergency measures as we are doing now.

Ultimately, I hope my legislation will facilitate discussion between fishermen and processors so that meaningful marketing information can be provided before the first opening of the season. Certainly no one wants the events of last summer to be repeated.

The industry is changing before our eyes—no one knows that better than fishermen and processors, many of whom are facing a long winter. In order to confront future challenges, they will need to work together, along with financiers, marketers and everyone else, to meet the increasing demands of a rapidly changing marketplace.

George Jacko Jr., a Democrat, represents Bristol Bay in the state House of Representatives.



HOUSE BILL NO. 369

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE JACKO

Introduced: 1/13/92

Referred: Resources, Labor & Commerce, Finance

A BILL**FOR AN ACT ENTITLED**

1 "An Act relating to the price paid to fishermen for salmon."

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

3 * Section 1. AS 16.05.690 is amended by adding a new subsection to read:

4 (c) A fish ticket recording the purchase of salmon must include the price paid per pound
5 for each species of salmon purchased.

6 * Sec. 2. AS 16.10 is amended by adding new sections to read:

7 Sec. 16.10.277. PUBLICATION OF PROPOSED SALMON PRICE. (a) A fish
8 processor, primary fish buyer, or cooperative corporation organized under AS 10.15 shall set and
9 publish a proposed price for salmon at least 120 days before the start of a salmon fishing season
10 in an administrative area in which the fish processor, primary fish buyer, or cooperative
11 corporation intends to purchase salmon from fishermen. At least 110 days before the start of a
12 salmon fishing season, a fish processor, primary fish buyer, or cooperative corporation that has
13 set a proposed price for salmon shall

14 (1) mail a notice of the proposed price to all newspapers and salmon tender

1 operators in the administrative area in which the fish processor, primary fish buyer, or
2 cooperative corporation intends to purchase salmon from fishermen; and

3 (2) prominently post the notice of the proposed price on the premises where the
4 salmon will be purchased.

5 (b) A salmon tender operator who receives a notice of a proposed price for salmon under
6 (a) of this section shall prominently post the notice at the location where salmon are received for
7 tendering.

8 (c) For the purposes of this section, the Department of Fish and Game shall designate
9 the start of the salmon fishing season for each salmon fishery in the state. The start of a salmon
10 fishing season is the earliest date on which a salmon fishing season may reasonably begin under
11 commercial fishing regulations.

12 (d) A fish processor, primary fish buyer, or cooperative corporation who violates (a) of
13 this section is guilty of a misdemeanor and is punishable by a fine of not more than \$1,000.

14 (e) In this section, "administrative area" means an administrative area established by the
15 Alaska Commercial Fisheries Entry Commission under AS 16.43.200.

16 Sec. 16.10.278. POSTING OF CURRENT SALMON PRICE. A fish processor, primary
17 fish buyer, or cooperative corporation organized under AS 10.15 shall prominently post the
18 current price being paid for salmon at each location where salmon are purchased.

§ 16.10.267

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paragraph (a)(1).

Sec. 16.10.268. Notice of liability. (a) The commissioner of labor shall print posters that contain notice of the requirements of AS 16.10.265. The commissioner shall distribute the posters to fish processors, primary fish buyers, and cooperative corporations organized under AS 10.15 for the purpose of buying fish.

(b) A fish processor, primary fish buyer, or cooperative corporation organized under AS 10.15 for the purpose of buying fish shall display in a prominent place on its business premises posters provided by the commissioner of labor under (a) of this section. (§ 2 ch 94 SLA 1982)

Sec. 16.10.270. Purchase of fish by the pound. (a) A fish processor or primary fish buyer shall purchase raw fish by the pound. The weight of the fish to be purchased shall be determined by weighing the fish unless both the buyer and seller agree in writing upon a sample weighing technique which will fairly determine the average weight of the fish purchased.

(b) A person who violates this section is guilty of a misdemeanor and upon conviction is punishable by imprisonment for not more than one year, or by a fine of not more than \$5,000, or by both. (§ 1 ch 49 SLA 1965; am § 1 ch 34 SLA 1969; am § 1 ch 102 SLA 1977)

NOTES TO DECISIONS

Cited in *Liberati v. Bristol Bay Borough*, Sup. Ct. Op. No. 1735 (File No. 3365), 584 P.2d 1115 (1978).

Sec. 16.10.275. Regulations. The commissioner may adopt regulations to carry out the provisions of AS 16.10.270 — 16.10.296. (§ 1 ch 18 SLA 1981)

Sec. 16.10.280. Price disputes between fishermen and fish processors. In an area where a price dispute exists between at least one-third of the registered commercial fishermen for that area, as estimated by the Department of Fish and Game on the basis of information available to the department, and fish processors on the price to be paid for salmon, and no agreement has been reached up to 120 days before the opening of the salmon fishing season in that area, a representative from the Department of Labor shall intervene as mediator of the dispute upon request of either party. (§ 1 ch 242 SLA 1970; am § 1 ch 59 SLA 1980; am § 27 ch 132 SLA 1984)

Revisor's notes. — Enacted as AS 16.10.290. Renumbered in 1970. amendment substituted "estimated" for "certified" and inserted "on the basis of information available to the department."
Effect of amendments. — The 1984



MAR 09 1992 B



March 7, 1992

Representative George Jacko Jr.
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Alaska 99811

Re: HB 369

Dear Representative Jacko:

Sitka Sound Seafoods is a medium size seafood processing company with plants in Sitka and Yakutat. Besides other products, we handle seine, troll and gillnet caught salmon of all species. Several hundred salmon fishermen sell to our company.

I am a third generation fish-buyer and have lived in Southeast Alaska all of my life. I have fished and tendered fish extensively in the past. Most of my friends are fishermen. It is a rare case when a fisherman will even ask the price of fish before he delivers, because we have a history of fairness. Consequently, your proposed legislation is very hard to understand or appreciate. Obviously Bristol Bay is a different case. From what I read, there is a fundamental lack of trust between the fishermen and processors in that region. In our area, where fish generally come in over a longer period of time in smaller amounts, fishermen have options ranging from running to another port in Southeast to sell, to running to Canada or Washington to sell or joining the Sitka-based fisherman's cooperative.

I can appreciate the fisherman's natural suspicion toward the fish buyer. All too often, prices are set in a vacuum of good solid market information. Many times the wholesale buyer will not even offer a price until it is known what the size of the harvest is going to be. This tends to make fish buyers conservative. Your bill would probably have the affect of making us even more so. If I had to post a price 120 days before our season, I would simply post a very conservative guess and tell our fishermen that we'll raise it if possible if the market warrants it. This practice could possibly have the effect of lowering wholesale market expectations. Another problem I see with this is that the market can and has fallen during a fishing season. What do we do if we have a posted, guaranteed price that is suddenly too high? Do we stop buying and go broke or keep buying and go broke?

Page 1

(907) 747-6662

TELEFAX (907) 747-6268

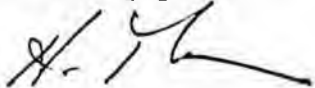
Telex 090-45-391 SSSEAFOOD SIK A

FRESH AND FROZEN SALMON, COD, BLACK COD, HALIBUT, ROCK FISH, CRAB, HERRING

One of the common misconceptions that fishermen have is that just because fish prices from company to company often end up being the same, that is evidence of collusion. The reason for this is simple - fish buyers are forced to match up in price to the most optimistic of major competitors if they want to keep their fleet. Hundreds of times a year, I'm informed by fishermen that X company is paying more than we are. In almost all cases, we elect to match that price. That's the reason that most fish companies average profits are less than other type companies, and why many go broke. As an example, our company, which has good, consistent volume and a wide variety of products, has averaged less than 1% profit on sales over the past ten years.

I do appreciate the frustration of salmon fishermen facing grave financial problems, due to the current weak markets. We see it with many of our fishermen too, but I think it's a big mistake to think that this approach is part of the solution. We should instead focus our attention on the real problems of the industry which include poor quality in some areas and lack of meaningful funding for marketing. I would be more than happy to discuss this with you further and share any information I have to give you a better appreciation of our side of the situation. Thanks for taking the time to consider this.

Sincerely yours,



Harold Thompson
President

cc: Senator Eliason
Representative Grussendorf

BUSINESS

Feb 21, 1992

ANCHORAGE DAILY NEWS

SECTION C

LACE

Salmon price fixing found

Investigator cautions that manipulation wasn't sole cause of crash

By **BRUCE MELZER**
and **HAL BERNTON**
Daily News business reporters

The state lawyer investigating allegations of price manipulation in Alaska's salmon market said he found evidence of price fixing but won't say where, when, how or by whom.

Jim Forbes, head of the state's antitrust office, also said the price fixing was far from the only cause of last year's dramat-

ic plunge in the price of salmon paid to Alaska fishermen.

"At the same time there are indications that there had been market manipulation," Forbes said.

The investigators have demanded records from more than 16 U.S. and foreign-owned fish-processing businesses.

Rick Lauber, from the industry trade group Pacific Seafood Processors Association, said it

was irresponsible for Forbes to comment on a pending investigation.

"Until such time as he's ready to seek indictment or civil action, I think it's inappropriate for him to make such a snippet of a statement that throws suspicion over a broad group of people," Lauber said.

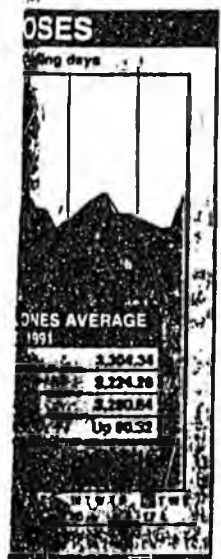
Since last February, Forbes has been leading the state's antitrust investigation of Alaska's

processors and others in the salmon industry. Forbes would not say when it would end.

Last July, Forbes said the state was looking at whether the same people sit on the boards of competing fish companies, alleged attempts to monopolize markets and alleged attempts at price rigging among processors.

Fishermen alleged collusion

Please see Page C-6, SALMON



The Associated Press commodity reports Treasury's key 32 point, or \$1,000 face 91 percent.

50 points investors market

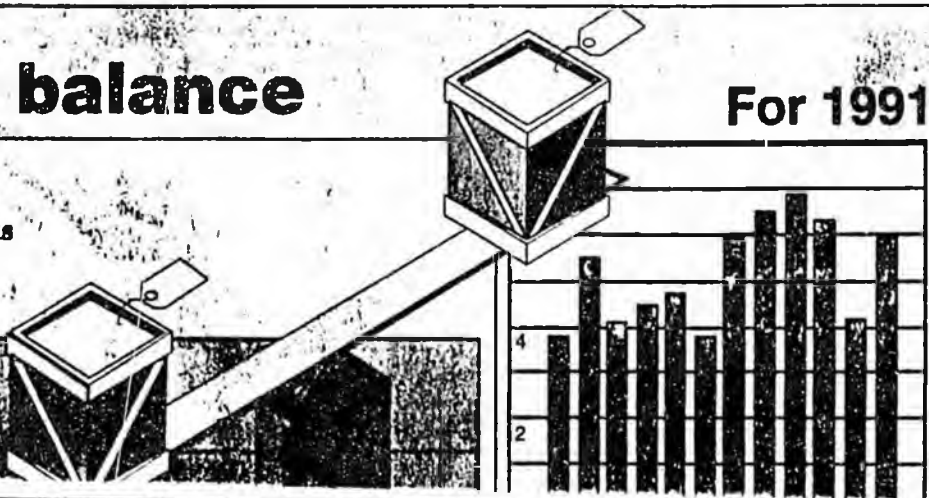
The trade balance

For 1970-91

The \$66.2 billion in 1991 marks the lowest imbalance since \$52.4 billion in 1983.

\$100 Billions of dollars

1975



Gas line rebates in works

Plans try to lure pipeline investors

By **GEORGE FROST**
Daily News reporter

Alaska's top natural resources official, in a bold bid to encourage investment in

because they use the gas to help pump their crude oil.

Neither buyers nor sellers have publicly committed to investing a penny in the \$13 billion project.

A copy of Heinze's handwritten draft, almost a year old, was furnished to the

Hickel, and \$200 million a year from new property tax assessments.

Legislators must approve any deal, Heinze said.

Rep. Kay Brown, the Anchorage Democrat who once ran the state's oil and gas division, says Heinze's plan

project or worse than marginal viability and you are asking people to pay money up front for the right to invest," Tussing said. "I can't conceive of any reason why somebody would pay money up front, even on an option that is refundable,

pipeline... his 12 percent Yukon Pacific stock holding to settle ethics charges.

Yukon Pacific officials did not return telephone messages Wednesday and Thursday to discuss the gas sales proposal.

SALMON: Evidence of price fixing found

Continued from Page C-1

among processors and went on strike last summer at Bristol Bay to protest prices. Processors responded that a glut of fish in Japan, Alaska's biggest salmon buyer, caused prices to plummet.

Forbes' tantalizing glimpse into the investigation came in response to a question at a legislative budget hearing on Tuesday. Lauber, of the processors trade group, said the comment was a way for the agency to seek more funds.

For some fishermen, Forbes' remarks echo their hunches. "We have felt that way for a long time. Everyone (of the processors) is paying the same price, and it doesn't mesh with what the consumers are paying here or in Japan," said Theo Matthews of the United Cook Inlet Drift Association.

Japanese companies that own some of Alaska's largest processors have long maintained they do not discuss price with each other.

But in the early '80s the federal government brought

antitrust cases against a number of Japanese companies in the Alaska crab trade.

In 1982, more than a half-dozen companies signed consent decrees negotiated with the Justice Department. In those documents, the companies did not admit wrongdoing, but they agreed not to exchange certain price information. The list of compa-

nies included Nippon Suisan, Taiyo Fishery and Kyokuyo — all major players in Alaska's salmon industry.

Jay Hastings, a lawyer for the Japan Fisheries Association in Seattle, said the companies learned the crab lesson well and are now wary of any discussions of price with each other.

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SALE ENDS

2-29-82

MON-FRI



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

MAR 11 1992 B

March 9, 1992

Representative George Jacko, Jr.
Alaska State House of Representatives
State Capitol
Juneau, Alaska 99801-1182

Dear George,

Thank you for your February 27 letter concerning HB 369.

I believe I understand, and endorse, your purpose in proposing HB 369 and its concepts. I am skeptical that it would get the desired results, though.

That is not to say I would characterize myself as "opposed" to HB 369 (in the event anyone else cared enough to ask me!). I also recognize that, as a legislator, you must be responsive to constituents' expectations and don't enjoy the privilege of sitting back in a relatively objective and independent mode and popping off the way I can. So my comments, following, are only to express my views to you and to maintain a dialog; they're not intended to persuade you to do something other than push HB 369.

I feel very strongly that, if fishermen are to survive economically in the changing world, new relationships between fishermen and processors must emerge and/or be established. I don't know how that can happen other than as the result of continuing economic pressure on both sides. It will likely happen slowly, beginning with a single processor and a small group of individual fisherman, and will probably be scoffed at initially by other fishermen. I truly believe there is a desperate need for it to happen soon, and I wish we could find the key to awakening and enlightening the "right" handful of fishermen leaders and the "right" couple of processor executives.

George, I believe we're on the brink of potential lasting disaster, such as I've seen several times in other places and in other commodity groups. My fear is especially germane to Bristol Bay and Prince William Sound. It's that before or after this upcoming season, as a result of disruptive and tumultuous relationships with fishermen (and having nothing to do with "right" or "wrong"), one or two major processors might decide "to hell with it -- it's not worth the risk," and simply shut down the plants. History suggests that any plant shut down under those

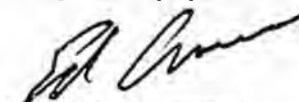
Representative George Jacko, Jr.
March 9, 1992
Page 2

circumstances is likely to never operate again -- or, if it operates, it will only be under very special circumstances. Yes, the fish will continue to return; and yes, we can argue that floaters or others will show up to at least partially fill the void; but you can be certain that it would not be at a level which would support the same number of fishermen in an acceptable way.

If I were going to be critical of HB 369, of you, of your colleagues, of other leaders, it would be because no one is taking steps to help fishermen understand that the world has changed and that they must act to change with it. We're just sending them distracting signals of approval, letting them believe that State government or somebody else is going to come up with just the right kind of muscle to beat the "bad guys" into submission and everything will be like it used to be. We provide forums and encouragement for the demagogues -- the Reverend Jim Joneses of Bristol Bay -- to harangue and incite fishermen like labor leaders of the early 1900's, serving up their own special kind of slow-acting Koolaid to unsuspecting followers!

George, Bryce included with your letter a copy of your February 21 press release about HB 369. The final paragraph is a powerful statement, I believe, and so is the second prior paragraph. I wish the Governor's Salmon Strategy Task Force had truly committed itself to the realities you express in those two paragraphs. It didn't. But the need is still there. I hope you realize that, no matter what you do with HB 369, CFAB as an institution and I as an individual are ready and committed to work with you -- or anybody -- in addressing those realities (and others) in some way.

Very truly yours,



Edward E. Crane
President

P.S. Please excuse my apparent tardiness in responding -- I received your letter just shortly before leaving for an "outside" business trip, and didn't have time to put an answer together.

MAR 18 1992 B

SOUTHEAST ALASKA SEINERS ASSOCIATION
P.O. BOX 9579
KETCHIKAN, ALASKA 99901
_____(907) 225-5156_____

March 12, 1992

Representative George Jacko
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

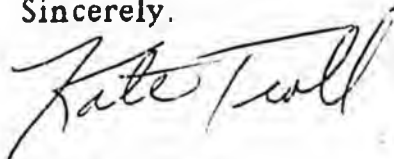
Dear George.

As a follow up to our previous phone conversation, I am writing to elucidate Southeast Alaska Seiners (SEAS) Association's position on HB 369. We agree with the intent of HB 369 as outlined by you. However, SEAS will not be supporting HB 369 nor will we be advocating amendments. There are two primary reasons. The first reason is that HB 369 appears impractical given the market dynamics of the salmon industry. We know that posting a price 120 days or even 30 days before the season would only result in the posting of a low ball guess on price and this may in the end generate more instead of less dissension between fisherman and processor.

Secondly, we would like to see how this season goes before asking the legislature to get involved. All the major processors in Southeast are meeting with their respective fleet of seiners well before the start of the 1992 season. This is a new development which is in step with the intent of HB 369, i.e. fostering timely communication about fish prices. Who knows, maybe the filing of HB 369 helped to spur this current effort of better communication between processors and fishermen.

We appreciate your concern for all salmon fishermen. Your intent is admirable.

Sincerely,



Kathryn Troll
Executive Director

MAR 16 1992 B

Institute of Social and Economic Research
University of Alaska Anchorage
3211 Providence Drive
Anchorage, Alaska 99508
(907) 786-7717

March 16, 1992

Rep. George Jacko, Jr.
Alaska House of Representatives
State Capitol
Juneau, Alaska 99801-1182

Dear George:

I apologize for responding so belatedly to your request for comments on HB 369.

I don't seem to have a copy of the bill, although I do have your letter of February 20. I really don't think I ever received one in the mail, so my comments are based on my understanding of what the bill contains, rather than the actual language.

Comments

1. I'm not particularly knowledgeable about this subject, since I don't know that much about how and when processors post prices or how fishermen interact with processors (that's the price we academics pay for being locked up here in our ivory towers). Probably lots of other people could give you better comments.
2. In principle, the logic of the bill makes sense to me: requiring a price to be posted in advance of the season should help communication between fishermen and fishbuyers, and should also encourage competition.
3. I am still not clear on what the meaning of the preseason "posted price" and its relationship to the prices that fishermen eventually actually get paid. There are several different possible interpretations:
 - (a) A price for which the buyers expect to buy fish, but without any legal obligation (in other words, solely informational).
 - (b) A price at which buyers are currently offering to make binding contracts for the season. There are a lot of variations on this depending on how and when fishermen or fishbuyers are able to back out of these contracts or demand or offer higher or lower prices.

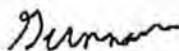
If it is (a), then it may be quite useful in increasing communication--unless processors don't take it seriously (except that not taking it seriously could lead to hard feelings).

If it is (b), then I think there is a risk that early posted prices might be lower just because there is more risk in posting a price so long in advance of the season. That

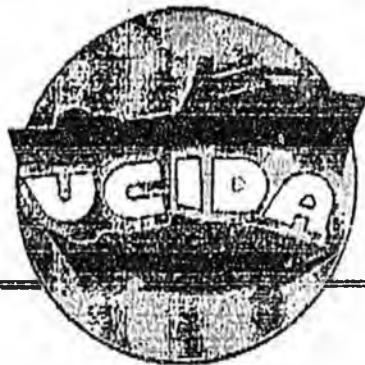
wouldn't matter, of course, if prices came up by the time of the season.

I hope that by offering the bill you do get some useful discussion of the idea with people more knowledgeable than me. I especially hope that you can get people to pay attention, what with the budget to distract them.

Sincerely,



Gunnar Krapp
Associate Professor of Economics

**UCIDA****UNITED COOK INLET DRIFT ASSOCIATION**P.O. Box 4649 • Kenai, Alaska 99611
(907) 283-3600 • FAX (907) 283-3306

February 24, 1992

Sent by telefax - hard copy to follow

Rep. George Jacko, Jr.
State Capital
Juneau, Alaska 99811-1182

Dear Rep. Jacko,

I would like to address HB 369 on behalf of the United Cook Inlet Drift Association (UCIDA). UCIDA represents the 585 salmon drift permit holders in Upper Cook Inlet. Some 350 permit holders are current members of our Association. UCIDA is also active at the state and federal levels as a member of the Executive Committee of United Fishermen of Alaska (UFA).

HB 369 has been discussed by the UCIDA and UFA Board of Directors. These comments are being sent on behalf of UCIDA. There is strong support for the intent behind HB 369 - for the need for better communication between fishermen and their processors and concern over the abuses inherent with "open" fish tickets. On the other hand, there is some concern that it will be difficult to legislate a requirement that prices be agreed upon in advance of the season. Indeed, it is our experience that a base price is established at the start of the season and the price generally rises as run strength and other factors become known. Further, in Cook Inlet many processors make their current sockeye price "retroactive". That is to say that up to a specified date, the "current" price is paid for all sockeye purchased prior to that date - even though the price on the prior fish ticket is lower than the current price.

UCIDA does NOT negotiate prices in Cook Inlet. We have established a system of "cannery representatives", and UCIDA serves as an information clearing house to coordinate information between the various "cannery fleets". Besides general agreement that processors and fishermen need to communicate more prior to the season, the phenomenon of the "open

ticket" is of major concern to fishermen in Cook Inlet and, I believe, fishermen statewide. During the price disputes of the 1991 season, one of the major demands of the cannery fleets in Cook Inlet was that all canneries post their base price for the season PRIOR to the first fishing period. The strength of this concern was clearly seen by the support many "independent or small cannery" fishermen showed by not fishing until the "majors" posted the \$1/pound base price that the small cannery operations had already agreed to.

I'll briefly discuss each section of HB 369 and try and incorporate our concerns expressed above:

Section 1: Amend AS 16.05.690, add new subsection (c).

UCIDA would suggest adding the word "current" before price so that the subsection reads "(c) A fish ticket recording the purchase price of salmon must include the current price paid per pound for each species of salmon purchased".

This language is meant to address our concerns that the price on the fish ticket is a guaranteed minimum. However, the language does not preclude the price going higher with retroactive payments. Further, such language should also assure the state of a minimum price for the purposes of collecting the raw fish tax. Finally, in areas like Bristol Bay where fishermen often sell on the "grounds", at least fishermen will know the minimum they will be paid. If the price doesn't "sound right" fishermen will have the option of shopping around on the grounds. We are aware of many instances, where fishermen return to town with open tickets, only to be told that "their processor" is paying less than the competition.

Section 2: Amend AS 16.10 to add new sections 16.10.277 and 16.10.278.

• **Section 16.10.277:**

As noted, UCIDA concurs with the intent, but does not feel this can be legislated. We also note that the existing Section 16.10.280 is similar and "on the books".

Proposed subsections 16.10.277 (a)(2) and (b) merit and could be tied in with the proposed Section 16.10.278 discussed below.

• **Section 16.10.278:**

We note that the language "current price" is used here and refer you to our comments above on Section 1. In general, everyone is better served if there is a posted "base price" prior to the season and if the "current price" is posted at the time of purchase during the season.

UCIDA appreciates the efforts you have taken to improve conditions for the industry by the introduction of HB 369. We hope our comments are useful and feel that fishermen and processors will benefit from better communication and the elimination of the "open" fish ticket while at the same time not committing processors to a final price either prior to or during the season.

Sincerely,



Theo Matthews
Administrative Assistant

cc: Sen. Fischer
Sen. Kerttula
Rep. Navarre
Rep. Phillips
Rep. Zawacki
House Resources Committee
Senate Resources Committee
UFA

FISCAL NOTE

No. 2

Bill Version: CSHB 369 (RES)

(H) Publish Date: 3-27-92

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: March 19, 1992

Title: Price Paid to Fishermen

Sponsor: Rep. Jacko

Requestor: _____

Department Affected: Department of Revenue

BRU: Revenue Operations

Component: Income and Excise Audit

COMPONENT SERIAL NO. | 1 | 1 | 3 |

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0
FUND SOURCE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
FUND SOURCE						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: 0.0

ANALYSIS:

This bill requires fish processors and buyers to publish a proposed price for salmon at least 120 days before the start of a salmon fishing season.

Prepared By: Paul E. Dick *PEJ* *LEM* Phone: (907) 465-2320

Division: Income and Excise Audit Date: March 19, 1992

Approved by Commissioner: Darrel J. Rexwinkel *DR* *Paul*

Agency: Department of Revenue Date: 13/19/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

FISCAL NOTE

No. 1
 Bill Version: CSHB 369 (RES
 (H) Publish Date: 3-27-92

STATE OF ALASKA
 1992 LEGISLATIVE SESSION

Revision Date: 1/7/92 Department Affected: Fish and Game
 Title: Price Paid To Fishermen For BRU: Commercial Fisheries
Salmon Component: Commercial Fisheries
 Sponsor: Representative Jacko
 Requestor: House Resources Committee COMPONENT SERIAL NO.

4	5	9
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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
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REVENUE	0	0	0	0	0	0
FUND SOURCE:						

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: 0

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Bob Clasby Phone: 465-4210
 Division: Commercial Fisheries Date: 1/7/92
 Approved by Commissioner: [Signature]
 Agency: Fish and Game Date: 3/23/92