

HIB

275

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: April 7, 1993

FURTHER REFERRALS:

Date of Committee Action: 4/13/93

The FINANCE Committee considered:

HB 275

HOUSE BILL NO. 275

SALMON MARKETING AND ENHANCEMENT TAXES

"An Act relating to salmon marketing, a salmon marketing tax, and the Alaska Seafood Marketing Institute; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CS HB 275 (FIN) the same title
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

2 fiscal impact Revenue; DCED

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Eileen P. Maclean</i> ^{MACLEAN}	<input checked="" type="checkbox"/>				
<i>Ronald J. Larson</i> ^{LARSON}	<input checked="" type="checkbox"/>				
<i>Mark Hanley</i> ^{HANLEY}	<input checked="" type="checkbox"/>				
<i>Terry Martin</i> ^{MARTIN}	<input checked="" type="checkbox"/>				
<i>Jan Grussendorf</i> ^{GRUSSENDORF}	<input checked="" type="checkbox"/>				
<i>Tay Brown</i> ^{BROWN}	<input checked="" type="checkbox"/>	<i>Sean Parnell</i> ^{PARNELL}		<input checked="" type="checkbox"/>	
<i>Richard J. Foster</i> ^{FOSTER}	<input checked="" type="checkbox"/>	<i>Janey Perreault</i> ^{PERREAULT}		<input checked="" type="checkbox"/>	

Ronald J. Larson
 CD CHAIRMAN'S SIGNATURE
 LARSON MACLEAN

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. HB 275

3-LS034110

Revision Date: _____
Title: Salmon Marketing and Enhancement Taxes
Sponsor: Representative Hudson
Requestor: House Finance

Dept. Affected: Revenue
BRU: Revenue Operations
Component: Income and Excise Audit
COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	76.7	76.7	76.7	76.7	76.7	0
TRAVEL	15.0	15.0	15.0	15.0	15.0	0
CONTRACTUAL	6.0	6.0	6.0	6.0	6.0	0
SUPPLIES	2.0	2.0	2.0	2.0	2.0	0
EQUIPMENT	10.0	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	109.7	99.7	99.7	99.7	99.7	0
CAPITAL						

REVENUE FUND SOURCE: General Fund	5,750.0	5,750.0	5,750.0	5,750.0	5,750.0	0
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	109.7	99.7	99.7	99.7	99.7	0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	109.7	99.7	99.7	99.7	99.7	0

POSITIONS:

FULL-TIME	2	2	2	2	2	0
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ 0

ANALYSIS: (Attach a separate page if necessary)

(See Attached)

Prepared by: Larry E. Meyers, Director
Division: Income and Excise Audit Division
Approved by Commissioner: Darrel J. Rexwinkel
Agency: Commissioner

Phone: 465-2320
Date: April 9, 1993
Date: April 9, 1993

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Analysis

This bill affects the Department of Revenue by adding a new sections to AS 43.76 which provide for a salmon marketing tax. The salmon marketing tax would be imposed on limited entry or interim-use holders at a rate of 1% of the value of the salmon and would be collected by buyers in the state. The buyers would remit the taxes to the Department on a monthly basis. This tax would take effect July 1, 1993 and be automatically repealed after 5 years under section 9 of the bill.

According to the Department of Fish and Game, the total estimated value of salmon harvested in 1992 was \$575 million. Applying the salmon marketing tax to this value, the Department would expect to receive \$5.75 million (\$575 million times 1%).

Operating Costs

The Department expects to receive an average of 6 returns to be filed from 500 buyers (based on the number of licensed fisheries business processors in 1992). As a result, the salmon marketing tax program will generate approximately 3000 additional returns for the Department to data capture and process. Additionally, the Department will conduct audits of buyers' records to insure compliance.

		<u>FY 94*</u>	<u>FY 95-98</u>
Personal Services			
Tax Examiner - Juneau (Range 12A)	\$40.7		
Accounting Clerk II - Juneau (Range 9A)	<u>36.0</u>		
Total Personal Services		\$76.7	\$76.7
Travel			
10 Audit Trips	10.0		
5 Compliance Trips	<u>5.0</u>		
Total Travel		15.0	15.0
Contractual			
Phone/Utilities	3.0		
Printing	2.0		
Mailing	<u>1.0</u>		
Total Contractual		6.0	6.0
Supplies		2.0	2.0
Equipment (FY 94 Only)			
Computer and Modular Furniture		<u>10.0</u>	<u>0.0</u>
Total Operating Costs		<u>\$109.7</u>	<u>\$99.7</u>

FISCAL NOTE

BILL NO. HB 275

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Revision Date: _____
Title: Salmon Marketing Tax
Sponsor: Rep. Hudson
Requestor: _____

Department Affected: Commerce and Economic Development
BRU: ASMI/Economic Development
Component: _____
COMPONENT SERIAL NO. _____

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	46.6	5,650.3	5,650.3	5,650.3	5,650.3	-0-
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	46.6	5,650.3	5,650.3	5,650.3	5,650.3	-0-

CAPITAL						
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REVENUE						
FUND SOURCE:						

FUNDING:

1002 Federal Receipts						
1003 GF Match						
1004 GF	46.6	5,650.3	5,650.3	5,650.3	5,650.3	
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY 93) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Fred Fisher, Administrative Officer
Division: ASMI

Phone: 465-5571
Date: April 12, 1993

Approved by Commissioner: Paul Fuhs
Agency: Commerce and Economic Development

Date: 4-12-93

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Back-up

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. CSHB 275 (FIN)
B-LS0341\U

Revision Date: _____
Title: Salmon Marketing and Enhancement Taxes
Sponsor: Representative Hudson
Requestor: House Finance

Department Affected: Commerce and Economic Development
BRU: Alaska Seafood Marketing Institute
Component: _____
COMPONENT SERIAL NO. 0393

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	5,640.3	5,650.3	5,650.3	5,650.3	5,650.3	5,650.3
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	5,640.3	5,650.3	5,650.3	5,650.3	5,650.3	5,650.3

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING:

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	5,640.3	5,650.3	5,650.3	5,650.3	5,650.3	5,650.3
1006 GF/MHTIA						
OTHER						
TOTAL	5,640.3	5,650.3	5,650.3	5,650.3	5,650.3	5,650.3

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY 93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Fred Fisher, Administrative Officer
Division: Alaska Seafood Marketing Institute

Phone: 465-5571
Date: 4/16/93

Approved by Commissioner: Paul Fuhs
Agency: Commerce and Economic Development

Date: 4-20-93

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Alaska Trollers Association

130 Seward St., No. 505
Juneau, Alaska 99801
(907) 586-9400
(907) 586-4473 Fax

April 6, 1993

Senator Drue Pearce
State Capitol (MS 3100)
Juneau, AK 99801-1182

Dear Senator Pearce:

I appreciated the call from a member of your staff yesterday regarding your bill SB 177, which relates to salmon marketing and enhancement taxes. The Alaska Trollers Association (ATA) does not support this bill, or any other, that seeks to impose an additional tax on our fleet for the purposes of marketing. Further, ATA does not want to see the Alaska Seafood Marketing Institute (ASMI) general fund budget dollars replaced by a marketing assessment on the fleets' landings.

Troll caught fish enjoy a specialty market niche and the marketing of our fish is somewhat different than that of other commercially caught salmon. ATA is sympathetic to the marketing dilemma confronting the net fisheries; however, we firmly believe that any move to assess trollers additional monies for marketing would be unnecessarily burdensome given our fleets' unique situation.

Considerable effort already goes into the marketing of troll caught fish through the Alaska Troll Processors Association, Seafood Producers Cooperative, and independent trollers who supply fresh or frozen product. In recent years, the trollers primary marketing problem has been direct competition for traditional markets with fish farmers who are flooding the market year-round with cheap fish -- not a lack of interest in our product. There is a ready market for troll fish, so long as the price is right.

Finally, our concern for ASMI stems from what we perceive to be an improvement in services to the salmon fleets in recent years. We note that ASMI put \$800,000 into domestic marketing last year, and has seemed decidedly more focused on salmon under the last two administrators. ATA has been directly involved with ASMI's foreign marketing push on troll product, which we believe helped to increase French sales last season. ASMI has provided ATA the opportunity to participate in promoting seafood in Washington, D.C. by facilitating shipments of troll caught salmon to several events, including President Clinton's inaugural luncheon. ASMI has involved other salmon fishermen as well. ASMI has even helped to

SB 177
April 6, 1993
Page 2

get some badly needed press for our industry -- from articles on Glacier Bay and winter trolling to joint promotions of "seafood" with other businesses such as Weight Watchers. Any programs that seek to add funds to ASMI for increased marketing of specific species should be in addition to existing levels of funding, or else, what's the point?

The "user pay" argument is lost on ATA, because we already know that fishermen DO PAY THEIR WAY. On average, Alaska's commercial fisheries return three dollars to every one that the state invests in the ADF&G commercial fisheries budget. We fail to understand why the return on our fisheries is not considered enough to provide ample funding for both marketing and the ADF&G budget.

Thank you for the opportunity to comment on SB 177. If I can be of assistance on this or other related issues, please do not hesitate to call.

Sincerely,

Dale A. Kelley
Dale A. Kelley
Executive Director



Alaska State Legislature

REPRESENTATIVE BILL HUDSON

COMMITTEES

CHAIR
Labor & Commerce
VICE CHAIR
Resources
MEMBER:
Transportation
Regulation Review
Economic Development
Task Force

State Capitol
Juneau, Alaska
99801-1182
(907) 465-3744

February 1, 1993

To Whom It May Concern:

Last year I introduced legislation (HB 414) that would have imposed a 1% salmon marketing tax on all salmon harvested in Alaska waters.

The proceeds would go into the ASMI budget and be used exclusively to fund a major domestic salmon advertising, marketing and promotional program. Additional fisherpersons would be appointed to the ASMI Board and they would be in charge of this much needed effort.

House Bill 414 died with the end of the 17th Legislature; primarily because of opposition from various fishermen organizations.

I believe that even greater pressure on Alaska's traditional salmon markets, brought on by the explosion in farmed salmon products world wide, and pressure from Russian sources, make some action an even greater imperative now!

I am prepared to reintroduce legislation, essentially the same as HB 414, as amended last session by the House Labor & Commerce committee, if there is a general feeling of its need by the Alaska seafood industry.

A copy of last years HB 414 is enclosed for your review and approval with or without further amendments. Out of respect to your members who will be asked to pay this assessment, I am withholding introduction pending your collective reply.

Please discuss this proposal at your earliest convenience and let us know your thoughts by February 23.

Respectfully,

Bill Hudson

Attachment



Salmon Marketing Tax letter sent 2/1/93 to the following:

Alaska Seafood Marketing institute
Kim Elton
Executive Director

Alaska Crab Coalition
Arni Thompson, Exec. Director

Alaska Independent Fishermen's
Marketing Assoc.]
Mitch Kink

Alaska Longline Fishermen's Assoc.
Linda Behnken

Alaska Trollers Association
Dale Kelley
Juneau

Area K Seiners Association
Kelly Schactler
Kodiak
&
Chip Treinen, Rep.
Anchorage

Bering Sea Fishermen's Association
Henry Mitchell
Anchorage

Bristol Bay Driftnetters Association
Dean Paddock
Juneau

"Concerned Area 'M' Fishermen"
Brad Barr
Puyallup
&
Jamie Ross
Homer

Cordova District Fishermen United
Mary McBurney
Cordova
&
Jerry McCune
Langley, WA

Kenai Peninsula Fishermen's Assoc.
Loren Flagg
Soldotna

&
Brent Johnson
Clam Gultch

North Pacific Fisheries Assoc.

Northern Southeast Regional
Aquaculture Association

Dan Winn
Homer

United Fishermen of Alaska
Juneau Office
Jerry McCune

United Fishermen's Marketing Assoc., Inc.
Jeffrey R. Stephan
Kodiak

Peninsula Marketing Association
Beth Stewart
Juneau

Petersburg Vessel Owners Association
Kris Norosz
Petersburg


Prince William Sound Aquaculture
John McMullen
Cordova

&
Dan Hull
Anchorage

Seafood Producers Cooperative
Rich Davis
Juneau

&
Barry Lester
Bellingham

Southeast Alaska Seiners Association
Kate Troll
Juneau



Southern Southeast Regional
Aquaculture Association

Don Amend

&

Robert Rooney
Wrangell

United Cook Inlet Drift Association

Theo Matthews, Rep.

Kasilof

&

David Horne
Kenai

Western Alaska Cooperative Marketing
Association

Dave Jackson

Dillingham

Pacific Seafood Processors Association

Rick Lauber

Juneau

Alaska Setnetters Association

Cook Inlet Seiners Association

Phil Brudie

Homer

Kodiak Regional Aquaculture Association

Larry Malloy

Kodiak

Kodiak Seiners Association



SEAFOOD PRODUCERS COOPERATIVE

PRODUCERS, PROCESSORS & MARKETERS OF PREMIUM QUALITY SEAFOODS

March 9, 1993

*H. File
1070 text
UT*

Representative Bill Hudson
State Capitol
Juneau, AK 99801-3744

Dear Bill:

I recently returned from several fishermen's meetings in Southeast Alaska, and was able to discuss your proposed marketing legislation with many of our members.

There was general agreement among the fishermen we talked to, that a domestic salmon marketing program was vital to the Alaska fishing industry. Most were willing to fund such a program through some type of assessment, and felt that the Alaska Seafood Marketing Institute had the ability to direct this type of program successfully.

The main concerns our members had, involved the structure of ASMI, and the other sources of possible funding that might be considered for a domestic salmon marketing program.

Fishermen would like to see the politics taken out of ASMI, and the ASMI Board restructured. They don't necessarily want more fishermen on the Board, but would like to replace the current Board with knowledgeable marketing people.

Most of our members felt that processors, state government, and other businesses, who benefit directly from the Alaska salmon industry, should also pay their fair share of a domestic salmon marketing program.

The Board of Directors and 360 members of Seafood Producers Cooperative would definitely support HB 414 if our concerns over the structure of the ASMI Board, and participation by others who benefit from the Alaska salmon industry were addressed.

As always, we appreciate the opportunity to give you our input. Please call us if we can be of further assistance.

Sincerely,

SEAFOOD PRODUCERS COOPERATIVE

Barry S. Lester
General Manager/C.E.O.



Cook Inlet Seiners Association

P.O. Box 4311
Homer, Alaska 99603
235-2656

File
Feb - 1970
H

February 20, 1993

Representative Bill Hudson
State Capitol
Juneau, Alaska 99811-1182

Re: HB 414

Dear Representative Hudson:

The Cook Inlet Seiners Association (CISA) is a non-profit Homer based organization. We represent eighty-five percent of the seine permit holders in Lower Cook Inlet.

CISA is writing to express our comments about HB414--1% additional salmon marketing tax. CISA would like to thank you for your efforts on behalf of Alaska fishermen. Marketing is an area that fishermen must become more actively involved. In order to maintain a vital, expanding fishing industry, CISA believes that fishermen must have a strong voice in the organization(s) that represent their marketing interests. For this reason, at this time we can not support HB 414. HB414 does not give fishermen the level of input required for them to be truly effective and to make a difference with ASMI policy-making and direction. We would reconsider if the Bill was written in such a way as to give this role to the fishermen.

If you care to discuss our ideas and concerns in more detail, we would welcome the opportunity to talk with you. The CISA office phone number is 235-2656.

Sincerely,

Airay Carroll
AIRay Carroll--President, Cook Inlet Seiners Association

WESTERN ALASKA
COOPERATIVE MARKETING ASSOCIATION

1

BOX 213 . . . DILLINGHAM, ALASKA

February 26, 1993

Representative Bill Hudson
State Capital
Juneau, Alaska 99801-1182

Dear Bill:

First, it was nice seeing you again only to bad it was just a brief meeting. When UFA has it's annual meeting it seems like all anyone gets accomplished is sitting in a meeting. I did receive your February 1st letter with regards to reintroducing "An Act relating to a salmon tax and to the Alaska Seafood Marketing Institute."

I would like to put forth our associations thoughts and comments concerning the idea of a salmon tax and hopefully you will see and understand our reluctance to support a market tax. Please review the following comments and ideas:

Bristol Bay really does not have a market problem. We have a price problem. Directly affected by excess fish on the market.

Why is the Aquaculture Associations allowed to continue to add more pinks to the resources? We would like to see the State create a research and development option for the Aquaculture Associations to move into other species and moratorium on existing loans etc. that these hatcheries have to allow them to move into other species. Bristol Bay will end up paying more than any other fishery to a generic marketing plan to market all of the excess pink salmon. (1¢ of \$1.00 - \$1.25 a pound red vs. 1¢ of \$.05 - \$.20 a pound pink salmon)

There must be some consideration to what the Bristol Bay commercial fishermen pays out in direct harvester taxes already. (Bristol Bay Borough tax, Lake and Peninsula tax, Pilot Point, Togiak and Dillingham above the raw fish tax)

Hopefully, now you can see our associations position on the marketing tax, not that we are negative about it, but we certainly would like to see the state develop an assessment or tax plan that is fair and equitable to all fishermen statewide.

Sincerely,
Harvey Samuelson, President

David M Jackson

PACIFIC SEAFOOD PROCESSORS ASSOCIATION

P.O. BOX 1625 • JUNEAU, ALASKA 99802 • (907) 586-6366

A

February 3, 1993

Hon. Bill Hudson
Alaska House of Representatives
State Capitol
Juneau, Alaska 99801-1182

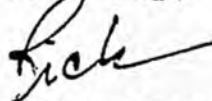
Re: Salmon Marketing Tax Legislation

Dear Bill:

Thank you for asking for comments from the Pacific Seafood Processors Association regarding your proposed legislation (HB414 like).

I leave tomorrow for a meeting of the association and I will bring back the comments. While I had discussions with our members last year I would like to see if the change in conditions have cause a change in attitude.

Sincerely,



Rick Lauber

Southern Southeast Regional Aquaculture Association, Inc.

2721 Tongass Avenue
Ketchikan, Alaska 99901
Phone: (907) 225-9605
Fax: (907) 225-1348

February 22, 1993

Representative Bill Hudson
State Capital
Juneau, Alaska 99801-1182



Dear Representative Hudson:

Sorry for the delay in answering your February 1, 1993 letter regarding HB 414 and the 1% marketing tax. I was out of the state for several weeks and just returned.

I believe most fishermen believe there should be more effort in marketing salmon, but there are many different opinions on how or who should do it. In general, S.E. Alaska fishermen believe that a 1% marketing tax on top of the existing 3% salmon enhancement tax (SET) would be excessive. Some fishermen groups are proposing to cap the tax at 3% and have 1% go to marketing. However, the reduction in the SET would have a severe financial impact on our Association. Our loans are secured by the SET and we do not have the option of increasing cost recovery to cover the lost revenue from the SET.

The SSRAA Board of Directors has not taken a final decision on this issue. If our debt service could be reduced so that there would be no negative financial impact on SSRAA, the SSRAA Board would likely support the concept. I have met with Commissioner Fuhs on this and he is aware of the problem. However, I have not seen any proposals that would resolve the problem.

There are also other issues that concern fishermen. For example, if the marketing tax was given to ASMI, there would be opposition by many fishermen. There would have to be greater fishermen control on how the money was spent. It would also have to be spent in a way that would benefit all salmon. The different salmon species are harvested by one gear type over another. Any attempt to emphasize one species over another would result in gear conflicts.

Despite the problems and issues, there may be a way to address them to everyone's satisfaction. I will let you know if there are any changes in the SSRAA Board views. Also, please keep me informed if you pursue this legislation. Ray Gillespie is assisting us during this legislative session and I am sure you will hear from him.

Sincerely,

Donald F. Amend
General Manager

cc: Ray Gillespie
18/14F



UCIDA

UNITED COOK INLET DRIFT ASSOCIATION

P.O. Box 389 • Kenai, Alaska 99611 - 0389

(907) 283-3600 • FAX (907) 283-3306

February 8, 1993

Representative Bill Hudson
State Capitol
Juneau, Alaska 99801-1182

Dear Representative Hudson,

United Cook Inlet Drift Association (UCIDA) appreciates your attention to the marketing tax issue. We recommend that you NOT introduce legislation to impose a 1% salmon marketing tax at this time.

United Fishermen of Alaska (UFA) will be discussing the merits of a salmon marketing tax at its annual meeting this month. The February 16th- 20th Annual UFA meeting will give member organizations the chance to thoroughly explore salmon marketing options and respond to your proposed legislation.

Again, thank you for considering UCIDA's opinion on this proposed legislation. I will contact you as soon as possible after the UFA meeting to further discuss the issue.

Sincerely,

Theo Matthews
Administrative Assistant

CC Senator Suzanne Little
Senator Judy Salo
Representative Gail Phillips
Representative Mike Navarre

MEMORANDUM

TO: Sen. Drue Pearce

FROM: Kim Elton, ASMI Executive Director

RE: CS for SB177 (4/7/93 version)

DATE: April 8, 1993

SUMMARY

The committee substitute addresses problems identified by some affected fishing groups, DCED and the Alaska Seafood Marketing Institute. This version of the bill eliminates points of contention and better addresses the purposes of the salmon marketing tax and the structural changes needed in the executive branch to accomplish the goals of this bill.

Section 1 expands the ASMI board to 24 members from 18 members.

Section 2 provides that the expanded board will have equal representation (12 and 12) between processors and fishermen. The original SB177 expanded the board to 20 (10 and 10), removed two processors and added five fishermen. The CS is the preferable approach. Having 12 fishermen allows greater diversity of species and regions and having 12 processors allows the same expansion of diversity without necessitating removal of processors.

This section also redefines large and small processors to better reflect the 1990s rather than the early 1980s. The old definition of a large processor (a processor with an annual in-state payroll of more than \$1 million) was established in 1981 and the new threshold for a large processor of \$2.5 million is more reasonable.

Section 3 mandates a quorum of 14 to reflect the expansion of the board in Section 2.

Alaska Seafood Marketing Institute
1111 West 8th Street, Room 100
Juneau, Alaska 99801-1895
Tel: (907) 465-5560
In Alaska: 1-800-478-2903
Fax: (907) 465-5572



Section 4 establishes that the board may establish an executive committee and provides for parity between processors and fishermen on ASMI advisory committees.

Section 5 adds language clarifying the importance of domestic markets, establishes an ASMI mandate that salmon market data be collected and distributed to fishermen, provides that a salmon commodity marketing study occurs, and creates a salmon marketing advisory committee.

ASMI recommends that this section be amended to provide that the market data be distributed to the public. As a public agency that is appropriate. ASMI will make the information available to permit holders.

We also note that the salmon marketing advisory committee created in this section seems to be a drafting holdover from an earlier version of the bill that is not appropriate to the latest version and does not reflect the intent of the United Fishermen of Alaska's request for a salmon committee within ASMI that advises the marketing committee and ASMI board on domestic salmon marketing programs.

Section 6 provides for the salmon marketing tax, the methods of collection and the methods of disbursement.

Section 7 provides for the transition from an 18-member board to a 24-member board. Six fishermen are appointed immediately and the seventh fisherman replaces the public member when that term expires.

Section 8 sunsets the salmon marketing tax June 30, 1999.

Section 9 sunsets the marketing information component, the commodity future component and the DCED fishermen advisory committee on June 30, 2000.

Section 10 provides for an effective date of July 1, 1993.



UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 112
Juneau, Alaska 99801
907/586-2820
Fax: 907/463-2545

April 6, 1993

The Honorable Tim Kelly, Chair
and Members of the Senate Labor
and Commerce Committee
Alaska State Senate
The Capitol Building
Juneau, Alaska 99801-1182

Dear Senator Kelly:

United Fishermen of Alaska supports an expanded and improved salmon marketing effort; and, specifically, to the domestic market. The conceptual plan we developed differs from what is before you in Senate Bill 177.

The UFA Marketing Committee designed a conceptual model for legislation that would make modifications to the Alaska Seafood Marketing Institute, provide an assessment mechanism for salmon harvesters, and create a Marketing Information Service accountable to fishermen.

UFA supports expanding the ASMI board to 24 members with twelve processors and twelve fishermen. The processor seats would be defined by 8 large (having an annual payroll in the state of \$2,500,000 and above); and 4 small processors (having an annual payroll in the state of \$50,000 - \$2,500,000). Appointments would remain with the governor.

Under the newly expanded ASMI board a new salmon committee would be created. It would be comprised of 7 members. Four would be salmon fishermen, 3 would be salmon processors. This committee would administer the expanded domestic salmon marketing effort and would have the funds assessed from salmon limited entry and interim-use permit holders available for this effort as well as any other available general fund money. The committee would not have powers separate from ASMI, but would be working in concert with some expanded authorities.

The Marketing Information Service would be funded by a portion of the salmon harvester's assessment and its chief responsibilities would be to gather, compile and disseminate market price information on raw salmon and salmon products to all salmon limited entry and interim-use permit holders, nonprofit salmon enhancement organizations and processors.

MEMBER ORGANIZATIONS

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

The Honorable Tim Kelly, Chair
and Members of the Senate Labor
and Commerce Committee

April 6, 1993

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The funding mechanism would be an assessment on salmon limited entry and interim-use permit holders. The cleanest and most effective way for this to occur would be like the mechanism used for the salmon enhancement tax. The amount equal to the collected assessment is deposited in the general fund, then appropriated from the general fund to the Department of Commerce to provide financing for domestic salmon marketing through the Alaska Seafood Marketing Institute and for the funding of the Marketing Information Service.

Following are our suggestions for changes, deletions and additions:

CHANGES AND DELETIONS

- Section 1. Eliminate
- Section 2. Line 20, pg. 2; [20] change to 24
- Section 3. Line 25, pg. 2; [ten] change to 12
Line 27, pg. 2; [three] change to four
Line 28, pg. 2; [ten] change to twelve
- Section 4. Line 1, pg. 3; [twelve] change to fourteen
- Section 5. Lines 1-4, pg. 4; Eliminate
- Section 6. Lines 28-29, pg. 4; Eliminate: [the board may not override an action of the committee except by a vote of a three-quarters of the board.]
- Section 11. Line 1, pg. 7; change the effective date to July 1, 1993.

ADD

1. Language to provide for salmon harvester's assessment to be collected under AS 43.76.110-130 and deposited in the general fund under the appropriate statute and then appropriated from general fund to the Department of Commerce and Economic Development for payment to provide financing for domestic salmon marketing and for the Marketing Information Service through the appropriate statute.
2. Add language to divide the harvester's assessment for a split of 90% to go to the domestic salmon marketing committee and up to 10% to go for the Marketing Information Service.

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3. Add language to create a new committee under the ASMI board to provide the market price information. It could be called the Market Information Service and its responsibilities should include gathering, compiling and distributing timely market price information to all salmon limited entry and interim-use permit holders, nonprofit enhancement salmon enhancement organizations, and to processors.

Thank you for the opportunity to work with the Senate Labor and Commerce Committee.

Sincerely,



Cheryl Sutton
Marketing Committee Chair
United Fishermen of Alaska