

SB

3

HOUSE RESOURCES COMMITTEE
Roll Call and Members' Bill Votes

* (indicates first public hearing)

Room 124, Capitol Bldg.

Mon., Wed., Fri.

Date: 11-17-95

Tape# 95-49 Joint _____

Time: 8:08 am/pm Time Adjourned: _____ am/pm

ROLL CALL:	PRES	ABS	TIME AR	_____	_____	_____
Rep. Joe Green	✓	_____	_____	_____	_____	_____
Rep. Bill Williams	✓	_____	_____	_____	_____	_____
Rep. Scott Ogan	✓	_____	_____	_____	_____	_____
Rep. Alan Austerman	✓	_____	_____	_____	_____	_____
Rep. Ramona Barnes	_____	_____	_____	_____	_____	_____
Rep. John Davies	_____	_____	<u>8:10</u>	_____	_____	_____
Rep. Pete Kott	✓	_____	_____	_____	_____	_____
Rep. Eileen MacLean	_____	_____	_____	_____	_____	_____
Rep. Irene Nicholas	_____	_____	<u>8:25</u>	_____	_____	_____

Other Legislators Present _____

AGENDA:

Bill No.	Short Title	Action Taken
<u>SB 93</u>	<u>Disposal ^{of} Land Along The Station Hwy.</u>	<u>Out HCSSB 93 Out</u>
<u>HB 258</u>	<u>Hunting/Fish License Vendor Compensation</u>	<u>Filed</u>
<u>SB 3</u>	<u>Antidote Exemption For Fishermen</u>	<u>MOVED SB 3 Out</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

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Copies of minutes listed below were originally included in this file. The minutes are available on the legislative computer database. In order to save space copies of minutes have not been left in the files.

Mary Pagenkopf

House Resources
4-12-95 8:08am

Tape #95-49
SB3

HOUSE RESOURCES COMMITTEE

Alaska State Legislature
House of Representatives



DATE: 4-12-95

PLACE: ROOM 124

SUBJECT OF MEETING:
SB 93- Disposal of Land Along the Dalton Hwy.
HB 258- Hunting With License Vendors
Compensation
SB 3- Anti-trust Exemption For Fishermen

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Gerran Bunn	Fish/Gare				465-6143	(N)	HB 258 Alaska quaternary
Scott McAllister ✓	South East Berners Assn.				463-5871	(N)	SB-3
Dean Paddock ✓	Bristol Bay Driftnetters Assn.	PO Box 21951 Juneau AK 99802	99802		463-4871	(N)	SB 3
Dwight Perkins ✓	Dept. of LABOR			27600		(N)	SB 3
Jerry McInane ✓	UFA			586-2820		(N)	SB 3
Donna Parker ✓	DCEI				5464	(N)	SB 3
						Y	N
Dem Kito Legislative Liaison	Dept. of Transportation	3132 Channel Drive Public Facilities	99801	465-3904		Y	N
						Y	N
						Y	N
						Y	N

Dwight Perkins
Donna Parker
Jerry McInane

• 04/12/95

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM

LTN1150

08:40:05

PARTICIPANT LIST (TESTIFIERS ONLY)

BY:JNU

TCN:50584

SCHEDULED FOR:04/12/95 08:30 TO 10:00

FOR:KOD

PUBLIC HEARING

HOUSE RESOURCES

LOCATION: ~~KODIAK~~

~~SB 3~~

~~MR.~~

~~BRUCE~~

~~SCHACTLER~~ ✓

TESTIFY

P.O. Box 2254 99615 486-4686

04/12/95

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM

LTN1150

08:35:15

PARTICIPANT LIST (ALL PARTICIPANTS)

BY:PSG

TCN:50584 SCHEDULED FOR:04/12/95 08:30 TO 10:00

FOR:PSG

PUBLIC HEARING

HOUSE RESOURCES

LOCATION: PETERSBURG

SB 3

MS

KRIS

NOROSZ ✓

SEAS

TESTIFY

772-3920



SENATOR JIM DUNCAN
ALASKA STATE LEGISLATURE

Alaska State Senate

State Capitol • Room 119 • Juneau, Alaska 99801-1182 • (907) 465-4766 • Fax 465-4748

January 1995

SPONSOR STATEMENT, SB 3:

ANTITRUST EXEMPTION FOR COMMERCIAL FISHERMEN

Senator Jim Duncan

Senate Bill 3 will allow fishermen to form associations to collectively negotiate raw or processed fish prices with processors. It does not authorize processors to agree among themselves on the prices they will pay fishermen; it only covers collective bargaining between fishermen and a processor, or group of processors.

A state antitrust exemption is a first step to stabilizing Alaska's fishing industry. While this exemption applies only to state antitrust laws, it is necessary to gaining Congressional approval for a federal exemption, so that fishermen and processors could negotiate prices. Once the legislature has approved SB 3, the state, fishermen and processors would be in a position to request the federal exemption. The attitude toward a federal exemption may be favorable now that Alaska's congressional delegation is in the majority.

In order to permit collective bargaining, fishermen must be allowed to market and sell their fish as a group. Current state antitrust law does not mention whether fishermen could collectively sell their raw catch or fish products, although it permits them to form associations to catch and prepare their fish for market. SB 3 clarifies this ambiguity, making state law consistent with federal law, which expressly permits fishermen to collectively engage in more activities, including marketing their fish. The incongruities between current state and federal law make it possible for some fishermen's organizations to be in compliance with federal antitrust law, yet breaking state law, or be in compliance with state antitrust law and violating federal law.

State legislation such as this, and pursuit of a corresponding federal exemption were recommended in the 1993 Alaska attorney general's report on the Bristol Bay sockeye salmon industry. The fishing industry is Alaska's largest private employer, and affects every segment of our economy, from small coastal villages to the state's general fund. Collective bargaining between fishermen and processors will help stabilize commercial fishing prices, bolstering local and state economies. Stable raw fish prices will promote stable consumer prices for processed seafood products, which means greater sales of Alaska seafood.

HOUSE COMMITTEE REPORT

(9)

Date Referred: March 22, 1995

FURTHER REFERRALS:

Judiciary

Date of Committee Action: 4/12/95

The RESOURCES Committee considered:

SB 3

SENATE BILL NO. 3

ANTITRUST EXEMPTION FOR FISHERMEN

"An Act relating to an antitrust exemption for persons engaged in the fishing industry."

recommends it be replaced with the following committee substitute _____ the same title a new title

additional referral to _____ Committee

attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

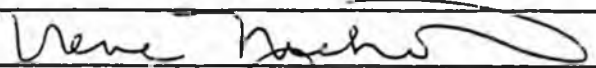
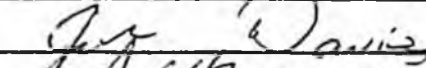
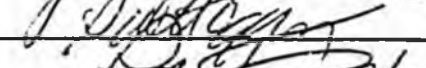
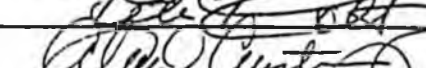
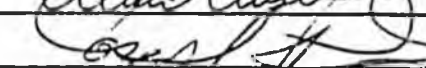


APPROVES PREVIOUS: _____ (Dept/Date)

fiscal note(s) _____

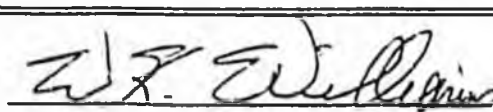
fiscal note(s) _____

zero fiscal note(s) _____

zero fiscal note(s) DOL, 2/6/95

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
	Nicholia	✓			
	Davies	✓			
	Ogan	✓			
	Kott			✓	
	Austermen	✓			
	Green	✓			
	Williams	✓			
		(6)		(1)	

CHAIR'S SIGNATURE



Williams

9-LS0043C
Utermohle
4/10/95

HOUSE CS FOR SENATE BILL NO. 3(RES)
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS DUNCAN, Zharoff, Hoffman, Taylor, Halford, Lincoln, Pearce, Donley, Salo, Leman

REPRESENTATIVES Grussendorf, Ivan

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to an antitrust exemption for persons engaged in the fishing
2 industry."

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

4 * Section 1. AS 45.50.572(c) is repealed and reenacted to read:

5 (c) AS 45.50.562 - 45.50.596 do not forbid persons engaged in the fishing
6 industry as fishermen who catch, collect, or cultivate aquatic products from acting
7 together in associations for the purpose of collectively catching, producing, preparing
8 for market, processing, handling, and marketing their product. Associations may have
9 marketing agencies in common and may make contracts and agreements necessary to
10 achieve the purposes of this subsection. In this subsection, "association" means an
11 association, corporate or otherwise, with or without capital stock, that

12 (1) is operated for the mutual benefit of its members;

13 (2) does not deal in the aquatic products of nonmembers to an amount
14 greater in value than the association handles for its members; and

15 (3) either

1 (A) does not allow a member of the association more than one
2 vote because of the amount of stock or membership capital the member may
3 own in the association; or

4 (B) does not pay dividends on stock or membership capital in
5 excess of eight percent a year.

6 * Sec. 2. AS 45.50.572 is amended by adding a new subsection to read:

7 (j) AS 45.50.562 - 45.50.596 do not forbid persons engaged in the fishing
8 industry as fishermen, including fishermen acting through associations allowed under
9 (c) of this section, from collectively agreeing with fish processors, including fish
10 processors acting through associations of processors, on the price paid to the fishermen
11 for aquatic products. Nothing in this subsection allows fish processors to agree among
12 themselves on the price paid to fishermen if fishermen did not participate in the
13 making of the agreement and are not a party to the agreement.

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. SB 3

Revision Date: _____
Title: Antitrust Exemption for Fishermen
Sponsor: Senator Duncan
Requestor: Senator Duncan

Department Affected: Labor
BRU: Commissioner's Office
Component: Commissioner's Office
COMPONENT SERIAL NO. 340

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUE FUND SOURCE #						
------------------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other						
TCTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY95) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Arbe Williams, Director Phone: 465-5981
Division: Administrative Services Date: 1/23/95
Approved by Commissioner: Tom Cashen, Commissioner
Agency: Department of Labor Date: 1/23/95

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Juneau, Alaska 99801-2105

MEMORANDUM

January 20, 1995

SUBJECT: SB 3: Summary (Work Order No. 9-LS0043\A)

TO: Senator Jim Duncan

FROM: George Utermohle *GU*
Legislative Counsel

This memorandum summarizes SB 3, An Act relating to an antitrust exemption for persons engaged in the fishing industry.

SB 3 proposes two significant changes to the state antitrust law.

First, SB 3 eliminates an ambiguity in state law as to whether commercial fishermen can collectively market their fish and fish products and makes the state antitrust exemption for fishermen compatible with the analogous federal exemption. See, section 1, SB 3.

When the state antitrust law was enacted in the mid-1970's, the legislature created an exemption from the law so that fishermen could agree among themselves to collectively engage in the harvesting and processing of fish. AS 45.50.572(c). Unfortunately the law does not mention whether fishermen could collectively market their fish and fish products. By expressly allowing fishermen to engage in collective harvesting and processing activities and not mentioning marketing activities, it must be presumed that the law precludes collective marketing activities by fishermen. SB 3 amends the state antitrust exemption for fishermen so that fishermen are clearly allowed to collectively engage in the marketing of their fish and fish products.

The federal antitrust law already contains an exemption that permits fishermen to collectively engage in catching, processing, and marketing their fish and fish products. 15 U.S.C. 521. But the federal law also places specific restrictions on the legal structure of the cooperatives that fishermen may form. SB 3 rewrites the state exemption so that it directly parallels the provisions of the federal law.

Thus SB 3 expands the kinds of activities that fishermen may engage in without violating the state antitrust law and substantially eases the burden on fishermen to simultaneously comply with the state antitrust law and the federal antitrust law.

Senator Jim Ducan

January 20, 1995

Page 2

Second, SB 3 creates a new exemption from the state antitrust law to allow fishermen and processors to collectively agree on the price that fishermen would receive for their fish and on the price that processors would accept for processed fish. See, section 2, SB 3. The exemption would allow fishermen to enter into price agreements with a processor or a group of processors. SB 3 does not allow groups of processors to agree among themselves on the price that they would pay fishermen for fish or they would charge for their product. Groups of processors may agree on prices, only if fishermen participate in the agreement and are a party to the agreement.

Once SB 3 is enacted and the state antitrust law provides an exemption for collective agreements between fishermen and processors, the state, fishermen, and processors can approach the Congress for a comparable exemption from the federal antitrust laws. The state exemption can serve as a model for the federal exemption. In the mean time, it would be very risky for fishermen and processors to rely solely upon the state antitrust exemption as authority to engage in collective price setting. Because the Alaska fishing and fish processing industries significantly affect interstate and international commerce, the federal antitrust laws are certain to apply to, and thus prohibit, any price agreements between fishermen and processors. Fishermen and processors should wait for the Congress to enact the appropriate exemption from the federal antitrust law before attempting any such agreements.

If I may be of further assistance, please advise.

GU:glc

95-076.glc

Sp Cmte on Fisheries

3/20/95

CHAIRMAN AUSTERMAN asked if a motion was in order. There being no motion forthcoming, he tabled the CS for HCR 12.

HFSH - 03/20/95

SB 3 - ANTITRUST EXEMPTION FOR FISHERMEN

ROSEMARY ALEXANDER, Aide, Senator Jim Duncan, testified, "Senate Bill 3 will allow fishermen to form associations to collectively negotiate fish prices with processors. While this bill covers collective bargaining between fishermen and a processor, or a group of processors, it does not authorize processors to agree among themselves on the prices they will pay fishermen. Senator Duncan believes that a state antitrust exemption is a first step to stabilizing Alaska's fishing industry. This exemption applies only to state antitrust laws, it will also be necessary to gain Congressional approval for a federal exemption. But once the legislature has approved SB 3, the state, fishermen and processors would be in a better position to request a federal antitrust exemption. The attitude toward a federal exemption may be favorable now that Alaska's congressional delegation is in the majority.

MS. ALEXANDER continued, "SB 3 also clarifies an ambiguity in state law, which does not expressly allow fishermen to market and sell their fish as a group. Currently state antitrust law only permits them to form associations to catch and prepare their fish for market. As you know, federal law expressly permits them to form associations to catch and prepare their fish for market. As you know, federal law expressly permits fishermen to collectively engage in more activities, including marketing their fish. The incongruities between current state and federal law make it possible for some fishermen's organizations to be in compliance with federal antitrust law, yet breaking state law, or be in compliance with state antitrust law and violating federal law. Passage of SB 3 will make state law consistent with federal law. During previous hearings on SB 3, CDFU testified that the inconsistency between state and federal law had become a real problem for some members. A state and the corresponding federal exemption were recommended in the 1993 Alaska Attorney General's Report on the Bristol Bay sockeye salmon industry. The fishing industry is Alaska's largest private employer, and contributes to the state's general fund. Collective bargaining between fishermen and processors will help stabilize commercial fishing prices, bolstering local and state economies. Stable raw fish prices will promote stable consumer prices for processed seafood products, which means greater sales of Alaska seafood."

MS. ALEXANDER concluded, "SB 3 passed the Senate without opposition on March 7. It has a zero fiscal note. You will find letters of support in your packets from fishing organizations, the Department of Commerce and Economic Development, and the Department of Labor. The Pacific Seafood Processors Association also has testified in

favor of the legislation. A similar bill was introduced last year with the complete support of the former Hickel Administration. It passed the Senate, but got caught in the final rush of legislation in the House and did not get to the House floor but it did have complete support from the former Hickel Administration as it does from the Knowles Administration."

NUMBER 430

RICK LAUBER, LOBBYIST, Pacific Seafood Processors Association, testified, "We have had continuing problems, we in fish price negotiations, and I'm not going to attempt to mislead you that this bill standing as it does will resolve all those problems, but at least it will take care of some of the more, what I would consider ridiculous situations where fish processors and fishermen could not be in the same room when someone else for instance is discussing fish prices." He continued, "The major problem would still remain and that's the federal antitrust law but as I repeatedly said, this would be an excellent first step. You've got to start someplace. You've got to change both the state law and the federal law in order to do what this bill would attempt to do. Let me say again what Senator Duncan has said a number of times and it's very clear in the legislation and that is that this law, if there's a corresponding law passed by the federal government would still not allow processors to sit down and fix prices. There was a recent article by a major news service that reported on passage of this bill, I believe in the Senate, and they implied that that was the case. Nothing can be further from the truth. There is never going to be any law in the United States that would allow price fixing on the part of fishermen or processors."

MR. LAUBER added, "In working with this bill last year and again, this year and having turned it over to attorneys to review. I apparently neglected a section of the bill is probably not going to be the end of the world but I am getting so much, not flack in the sense of anybody telling me that this is the end of the world but I hate to have anyone laugh at a piece of legislation and particularly one that I testified in favor of. I'm referring to on page two, line 12, the language for the rest of the sentence starting with '(2) minimum price that fish processors will accept for the sale of processed aquatic products'. What in effect this says, if you read (1) and (2) together, the fish processors and fishermen could talk about price paid for the fishermen for aquatic products and that, of course, is what we are attempting to do to be in discussions about that. But I have not been able to find anyone, either fishermen or processor that wants or thinks that processors and fishermen would ever agree as to the minimum price that fish processors will accept for the product when they sell the finish product. It would probably be almost an impossibility to reach such an agreement. I would compare this to a situation where the Ford Motor Company is negotiating wages with their employees and their employees are vitally interested in wages and working

conditions but the employees to my knowledge have never attempted or requested to be able to dictate to the Ford Motor Company the price that they will sell each individual automobile and its various accessories on the open market. Or what each individual dealer would then sell for. It just is so ludicrous that no one would ever ask to do it. But yet that is in here. I guess one could counter and say, 'Well, if they will never do it, then what harm is done'. But it is beyond humorous. If this passes this way it will make a law of the state of Alaska a kind of a ridiculous document. I've discussed this with United Fishermen of Alaska and asked sincerely, is there any legitimate reason for this, is there someone that wants this for a valid purpose. Neither from UFA or anyone else has been able to tell me any valid reason, anything that this would do to help anything."

CHAIRMAN AUSTERMAN asked if Mr. Lauber was requesting that that line be taken out.

MS. ALEXANDER explained, "That particular line did come out of the Attorney General's recommendation to George Utermohle who wrote the legislation. I have talked to Legal Services about this and I have an opinion from Jim Forbes, the Assistant Attorney General in the Fair Business Practices Section of the Attorney General's Office," and, "Mr. Lauber raised this question to us. This should be something the processors would keep in consideration when they negotiate this particular section, they felt that this would be something that would help level the negotiation field, the playing field, if you will, between fishermen and processors. Senator Duncan is not here and whether or not we would want to amend this without him, I don't think would be the case. I guess I would appreciate it if you would consider talking to him about this particular section."

Number 570

SCOTT MCALLISTER, Southeast Seiners, testified in support of SB 3, saying, "I think that this bill does potentially go a long way to level the playing field, so to speak, between the processors and the fishermen." He said, "Giving the fishermen the benefit of the wholesale arena where a fisherman with a processor or a group of processors, could essentially sit down and have a tremendous advantage in the marketplace enjoyed by very few in a free market except for a few primary producers and the farming industries that enjoy these antitrust exemptions as well, and together, to the benefit and advantage of both control volumes of product and be able to negotiate the wholesale level, prices to the advantage of the seafood industry as a whole." He concluded, "I support this bill, our organization supports this bill, in its current form. Without that particular wording, it puts us back where we have always been."

Number 652

REPRESENTATIVE ELTON said, "It seems to me that you're inducing additional restriction that may be hard to live up to. It also seems to me, and again, this is partly my background speaking, you may be taking away a marketing capability. For example there may be a lot of value to selling into the school lunch program at a lower price than you might get if you hold your pack later. And that advantage would be that you're creating new eaters of the product. And it seems to me that you have the minimal price language that you may be taking away some of those opportunities. For example an opportunity to sell 200,000 cases into the school lunch program at less than an agreed upon minimum wholesale price. It seems to me we're complicating an awful lot."

Number 672

MR. MCALLISTER said, "Well, we could be. These are ponderables. They're all what-ifs in a market place that is forever changes (indisc.), it has a life of its own. And pondering minimum price advantages or disadvantages into the future, are things that (indisc.) those prices will be there regardless."

TAPE 95-19, SIDE B
Number 016

DEAN PADDOCK, LOBBYIST, Bristol Bay Driftnetters Association and United Fishermen of Alaska, said, "Jerry McCune, because he wanted to go to a basketball game and because I'm a member of the Executive Committee of the UFA, authorized me to speak in behalf of the United Fishermen as well. We urge your support for this bill. The fishermen need all the help they can get. I think that this legislation should have been introduced many many years ago." He added, "This legislation should be motherhood and apple pie. I think it is and I'm sorry that some attorney somewhere saw fit to throw that clause in there. I don't think it adds a whole lot," and, "The deletion of the section mentioned by Mr. Lauber in my mind would not notably reduce the value or the importance of this bill or our support for it."

Number 155

REPRESENTATIVE ELTON moved to pass SB 3 out of committee with individual recommendations proposing that the possible amendment could be addressed in House Resources, the next committee of referral.

There was no opposition.

CHAIRMAN AUSTERMAN adjourned the meeting at 7:04 p.m.



UNITED FISHERMEN OF ALASKA

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

February 16, 1995

The Honorable Robin Taylor, Chair
and Members of the Senate Judiciary Committee
Alaska State Senate
The Capitol Building
Juneau, Alaska 99801-1182

Dear Chairman Taylor and Committee Members:

United Fishermen of Alaska (UFA) supports Senate Bill 3 regarding Anti-Trust Exemption for Commercial fishermen.

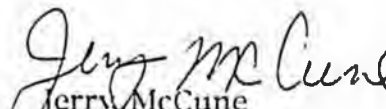
This piece of legislation was first recommended in the 1993 Alaska Attorney General's Report on the Bristol Bay fishery.

Fishermen need to breathe new life in their industry. This is one avenue to be able to do so as it gives the fisherman the ability to make collective bargaining agreements with processors.

We might still have to deal with Federal anti-trust laws, but this bill is a step in the right direction.

I urge the Senate Judiciary Committee to pass SB 3 for the fishermen of Alaska.

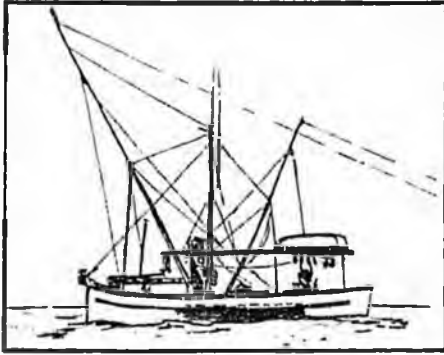
Sincerely,


Jerry McCune
President

cc: Senator Jim Duncan
UFA Board of Directors

MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Longline Fishermen'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 • Purse Seine Vessel Owners Association
Seafood Producers Cooperative • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
United Cook Inlet Drift Association • Western Alaska Cooperative Marketing Association



Alaska Trollers Association

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

March 16, 1995

Senator Jim Duncan
Alaska State Legislature
Juneau, AK 99811

Dear Senator Duncan:

The Alaska Trollers Association strongly supports SB 3, which would provide anti-trust exemptions for commercial fishermen.

Allowing fishermen to collectively negotiate fish prices and take a more active role in marketing strategies should enhance the value of our seafood products. At this time of decreased stability and increased competition in the marketplace, this is precisely the type of option fishermen need to maintain a competitive edge.

ATA encourages legislative support for this bill and any subsequent changes necessary under federal law to secure anti-trust exemptions for commercial fishermen.

ATA appreciates the time you and your staff have dedicated to this issue.

Sincerely,

Dale A. Kelley
Executive Director

Ketchikan Office:
P.O. Box 9579
Ketchikan, AK 99901
Phone: (907) 225-5156
Fax: (907) 225-5258



Juneau Office:
P.O. Box 23081
Juneau, AK 99802
Phone: (907) 463-5030
Fax: (907) 463-5080

March 3, 1995

Dear Senator Duncan.

After extensive discussion and review it is the opinion of our board of directors that Senate Bill 3, relating to an antitrust exemption for commercial fishermen will benefit Southeast Alaskan Seiners. We support this bill and ultimately look forward to the congressional legislation necessary to make these antitrust exemptions opporative.

Functional, antitrust exemptions will facilitate fishermen and processors to more efficiently harvest, process and market Alaska's seafoods and achieve a greater value from these seafood products to the benefit of all Alaskans.

We offer our help and support in advancing this bill through the legislative process and thank you for your consideration and understanding of the fishing industry by bringing this bill to the floor.

Sincerely,


Jim Bacon
Southeast Alaska Seiners President

c.c. Senator Robin Taylor
Representative Bill Williams
Representative Kim Elton
Representative Jerry Mackie
Representative Caren Robinson
United Fishermen of Alaska



Cordova District Fishermen United

P.O. Box 939
Cordova, Alaska 99574
(907) 424-3447 FAX (907) 424-3430

January 24, 1995

Senator Jim Duncan
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Senator Duncan:

On behalf of Cordova District Fishermen United (CDFU), I am pleased to write in support of Senate Bill No. 3—*An Act relating to an antitrust exemption for persons engaged in the fishing industry*. CDFU supports SB3 for three primary reasons:

- **SB3 will clarify ambiguities in existing law.**
Under current law, it is clear that fishermen may harvest, process and handle their catch or prepared product collectively but it is unclear whether they may collectively see the fruit of their labors through to the marketplace. The current law is interpreted by some to mean that, after collectively catching or processing their fish, each individual fisherman must separate his portion of the catch or product from that of other fishermen and then attempt to sell that portion individually. CDFU supports SB3 because it expressly allows fishermen to collectively sell their catch or their prepared product.
- **SB3 will remove inconsistencies between state and federal laws.**
The federal exemption covers harvesting, processing, handling and marketing and is, thus, inconsistent with existing state law. This inconsistency creates an atmosphere wherein a group of fishermen may acquire an exemption from the state government and be in violation of federal law—and vice versa. Section 1 of SB3 rewrites existing law to make the state exemption virtually identical to its federal counterpart. CDFU believes this is an important improvement over existing state law.
- **SB3 will level the playing field for fishermen.**
Section 2 of SB3 places fishermen in a better position to obtain the best price for their fish by allowing them to collectively agree on the price that processors will pay to fishermen for raw fish and that processors will accept for the sale of processed fish. This will have the effect of leveling the playing field. Fishermen will be in a better position to obtain the best price for their fish by allowing them to deal with processors. Fishermen and processors will be able to put up a united front against the major corporations that dominate the world markets for processed fish.

The commercial fishermen who comprise CDFU strongly support Senate Bill No. 3. If you have any questions or require additional information, please do not hesitate to contact me at the number above. Thank you for your consideration.

Sincerely,
CORDOVA DISTRICT FISHERMEN UNITED

Dome Hawxhurst, Executive Director

cc: Senator Georgianna Lincoln
Representative Gene Kubina

BSFA

Bering Sea Fishermen's Association



725 Christensen Drive
Anchorage, Alaska 99501
(800) 770-6519 (Within Alaska)
(907) 279-6519
FAX (907) 258-6688

Serving western Alaska small boat fisheries since 1980

January 24, 1995

The Honorable Jim Duncan
Alaska State Senate
State Capitol
Juneau, Alaska 99801

Dear Senator Duncan:

The Bering Sea Fishermen's Association supports Senate Bill No. 3, "An Act relating to an antitrust exemption for persons engaged in the fishing industry", as positive legislation that will benefit commercial fishermen in western Alaska and statewide.

Western Alaska small boat fishermen, which BSFA represents, are engaged continually in a process of trying to develop and market fish products from their region. Their efforts involve species such as salmon, herring, and halibut.

By clarifying present law, SB 3 makes clear that commercial fishermen may join together to produce and market their catches, as well as bargain collectively with processors for better prices. In a region where there are few alternate sources of income, these activities are vital to the ability of western Alaska fishermen to strengthen their markets and achieve the best possible return from their seasonal fisheries.

Thank you for introducing SB 3. Please do not hesitate to contact our office if we can provide you with further information.

Yours truly,

A handwritten signature in cursive script that reads "Karl Ohls".

Karl Ohls
Fisheries Development Specialist



Edward E. Crane
President

2550 Denali Street, Suite 1201
Anchorage, Alaska 99503
(907) 276-2007

January 27, 1995

Senator Jim Duncan
Alaska State Senate
State Capitol, Room 119
Juneau, Alaska 99801-1182

Dear Senator Duncan,

I have noted and read Senate Bill 3. In my view, SB3 serves a relevant and highly significant purpose.

I have been directly or indirectly involved with individual producers of food and fiber, and with both formal and informal associations of such producers, for nearly 30 years. That includes almost continuous and intense involvement with producers and marketers of agricultural commodities of all kinds from 1965 through 1981.

As contrasted with manufacturers, an individual producer of food and fiber commodities is greatly disadvantaged by his or her isolated status within what may be a huge conformation of economic forces. The producer is further made vulnerable by the limited-life nature of most commodities and by the pressure to capture whatever value may exist on a timely basis.

There has probably been no more positive statutory force affecting commodities producers than the limited antitrust exemptions in Federal, and most state, statutes. While a superficial glance may suggest they are merely the extension of privilege to a few, such exemptions are in actuality the cornerstones of the stability which is critical to any food production and distribution system and which provides immeasurable benefits to each of us as consumers.

Senator Jim Duncan
January 27, 1995
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Senate Bill 3 establishes and clarifies this important exemption for harvesters, producers, and marketers of Alaska's seafood resources. While it will solve no problems by itself, its enactment will provide significant opportunities for the creation of stabilizing forces which will benefit all of Alaska as well as seafood industry participants.

I would be most interested in knowing of any opportunities to express support for Senate Bill 3.

Very truly yours,



Edward E. Crane

EEC:dmv

BILL NO: Senate Bill No. 3

DATE: February 23, 1995

TITLE: Antitrust Exemption for Fishermen

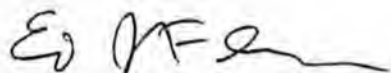
CONTACT: Dwight Perkins
465-2700

Senate Bill No. 3 would allow fishers to form associations to negotiate fish prices. AS 16.10.280 provides that the Department of Labor serve as mediator of disputes between fishers and fish processors on the price to be paid for salmon. The department's experience has revealed that the inability of fishers to form associations to negotiate with processors has been a primary factor in such disputes as the 1991 Bristol Bay strike.

This legislation would provide a mechanism to stabilize raw fish prices, thereby protecting Alaskan fishers and processors from the debilitating and extreme fluctuations in fish prices. A stable fishing industry will have a direct and positive effect on the Alaskan economy. It is only reasonable that Alaskan fishers and processors have the legal ability to protect themselves and this important resource from price setting by outside interests.

The Department of Labor supports Senate Bill No. 3.

APPROVED:



DATE:

2/23/95

for

Tom Cashen, Commissioner

POSITION PAPER/Department of Labor

TONY KNOWLES, GOVERNOR

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT

DIVISION OF ECONOMIC DEVELOPMENT

P.O. BOX 110804
JUNEAU, ALASKA 99811-0804
PHONE: (907) 465-2017

The Honorable Senator Jim Duncan
State Capitol
Juneau, Ak. 99811

DCED comments on SB 3

DCED supports passage of SB 3; "An Act relating to an anti-trust exemption for persons engaged in the fishing industry."

Currently, Alaska fishermen and processors cannot discuss price issues without violating anti-trust laws. This proposed legislation would help bring stability to the Alaska fishing industry and the communities dependent on this resource by allowing fishermen and processors to negotiate long-term price agreements.

Three years ago former Governor Hickel assigned DCED to head a Salmon Strategy Task Force to investigate the cause of salmon price declines. It was determined that increased world production of salmon had caused prices to decrease in recent years. Specifically, Alaska salmon has lost market share to increased farmed salmon production which is able to deliver to the marketplace a product that offers consistent supply, quality and price. A strategy to help recover market share was developed which included; expanded marketing efforts, improved consistency of quality, reduced costs of production and increased product options to consumers. While all these issues can not be addressed in a single piece of legislation, SB 3 is an important first step that offers the hope of stable pricing and supply necessary for food manufacturers to commit to new product development.

As part of its efforts to develop a price recovery strategy for salmon, DCED conducted a comparison study of Alaska and Canadian salmon prices. It was learned that a similar anti-trust exemption exists in Canada where long-term price contracts have helped keep Canadian pink salmon prices 113% higher and sockeye prices 60% higher than ex-vessel prices paid in Alaska.

While a federal anti-trust exemption may be necessary to fully remove liability, this is an important first step in a direction that will help the Alaska salmon industry to recover lost market share.



SENATOR JIM DUNCAN
ALASKA STATE LEGISLATURE

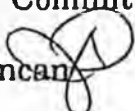
Alaska State Senate

State Capitol • Room 119 • Juneau, Alaska 99801-1182 • (907) 465-4766 • Fax 465-4748

MEMORANDUM

Date: March 29, 1995

To: Rep. Bill Williams, Co-Chair
Rep. Joe Green, Co-Chair
House Fisheries Committee

From: Senator Jim Duncan 

Subject: SB 3, An Act relating to antitrust exemption for persons engaged in the fishing industry.

I urge you to schedule a hearing on SB 3, which amends the existing state antitrust statute to permit fishermen and processors to collectively negotiate fish prices.

SB 3 has the support of the United Fishermen of Alaska, Southeast Alaska Seiners Association, Alaska Trollers, Bristol Bay Gillnetters Association, Cordova District Fishermen United and various other fishing groups, as well as the departments of Commerce and Economic Development, and Labor.

As you know, the House Fisheries Committee passed SB 3 on March 20. You may recall that House Resources waived a similar bill last session, however, it did not make it to the House floor before adjournment.

In addition to allowing fishermen and processors to discuss prices, SB 3 clarifies existing ambiguities in state law. The legislation was recommended by the antitrust division of the Attorney General's office in its 1993 report on the Bristol Bay sockeye salmon industry.

I am attaching SB 3, the sponsor statement, a legal opinion and letters of support. Please contact my office for additional information. I look forward to an early hearing on SB 3.

Attachments

dh

FIGURE 1

Salmon Pricing Trends

