

SB

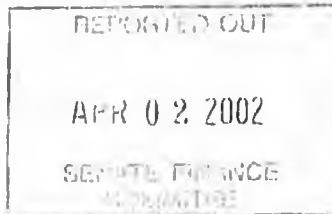
282

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 2/27/02



FURTHER:

DATE TURNED IN TO OFFICE: 04/03/02

Finance Committee considered **SENATE BILL NO. 282**

SB 282 ALASKA SEAFOOD MARKETING INSTITUTE/TAX

"An Act relating to the membership of the board of directors of the Alaska Seafood Marketing Institute; extending the termination dates of certain activities and salmon marketing programs of the Alaska Seafood Marketing Institute and of the salmon marketing tax; and providing for an effective date."
and recommends:

- be replaced with CS SB 282 (FIN)
- adopt previous CS CS FORTHCOMING
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

- Senate Bill:**
 same title
 new title
House Bill:
 same title
 technical title
 new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DCED	3/1/02	1,800.0		

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>Alana Quilty</i>	✓			
<i>John Hoff</i>	✓			
<i>Robert D. Simon</i>	✓			
COCHAIR:				
COCHAIR: <i>Peter Kelly</i>	✓			

FISCAL NOTE

**STATE OF ALASKA
2002 LEGISLATIVE SESSION**

APR 02 2002

Fiscal Note Number: _____
 Bill Version: CS SB 282 (L&C)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Reauthorization of the 1% Salmon Tax BRU Alaska Seafood Marketing Institute (126)
 Component Alaska Seafood Marketing Institute
 Sponsor Senator Stevens
 Requester Senate Finance Component No. 393

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	226.0	226.0	226.0	226.0	226.0	226.0
Travel	74.0	74.0	74.0	74.0	74.0	74.0
Contractual	1,467.0	1,467.0	1,467.0	1,467.0	1,467.0	1,467.0
Supplies	32.0	32.0	32.0	32.0	32.0	32.0
Equipment	1.0	1.0	1.0	1.0	1.0	1.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1156 Receipt Supported Services	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0
TOTAL	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time	18	18	18	18	18	18
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The Receipt Supported Services fund source stated here is derived from the collection of the 1% Salmon Marketing Tax. The 1% Salmon Marketing Tax is calculated on the actual Annual Harvest ex-vessel value of all salmon harvested in Alaska in any given year. Because of the varying cyclic nature of the salmon harvests from year to year, an average salmon ex vessel harvest value of \$180,000,000 per year of which 1% Salmon Marketing Tax equals \$ 1,800,000 has been used as the estimated collectable revenue for ASMI.

The estimated expenditures are based on a percentage ratio .

Prepared by: Barbara Belknap, Director Phone 907-465-5570
 Division Alaska Seafood Marketing Institute Date/Time 3/1/02 3:55 PM
 Approved by: Deborah B. Sedwick, Commissioner Date 3/1/2002
 Agency Department of Community & Economic Development

ADOPTED

SENATE FINANCE
COMMITTEE #1
Amendment Number: #1
Bill Number: SB 287
Sponsor: Austerman Date: 3/2/02
Logged In By: Mindy

22-LS1436J.3
Utermohle
3/28/02

AMENDMENT

Sponsored by
Sen. Austerman

OFFERED IN THE SENATE
TO: CSSB 282(L&C)

- 1 Page 1, lines 1 - 2:
- 2 Delete "extending the termination dates of certain activities and salmon
- 3 marketing programs of the Alaska Seafood Marketing Institute and"
- 4 Insert "delaying the repeal"
- 5
- 6 Page 3, lines 26 - 29:
- 7 Delete all material.
- 8
- 9 Renumber the following bill section accordingly.

Proof of Final
CS 4/3/02

22-LS1436/L

OK'd 9:45 am
4/3/02

CS FOR SENATE BILL NO. 282(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATOR STEVENS

A BILL

FOR AN ACT ENTITLED

1 "An Act delaying the repeal of the salmon marketing tax; expanding the allowable use
2 of that tax for the salmon marketing programs of the Alaska Seafood Marketing
3 Institute; relating to the Alaska Seafood Marketing Institute's salmon marketing
4 committee; and providing for an effective date."

#1

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

6 * Section 1. AS 16.51.100 is amended to read:

7 Sec. 16.51.100. Duties of board. The board shall

8 (1) conduct programs of education, research, advertising, or sales
9 promotion designed to accomplish the purposes of this chapter;

10 (2) promote all species of seafood and their by-products that are
11 harvested in the state and processed for sale;

12 (3) develop market-oriented quality specifications for Alaska seafood
13 [SEAFOODS] to be used in developing a high quality image for Alaska seafood in
14 domestic and world markets, and adopt and distribute recommendations regarding the

L

1 handling of seafood from the moment of capture to final distribution;

2 (4) prepare market research and product development plans for the
3 promotion of all species of seafood and their by-products that are harvested in the state
4 and processed for sale;

5 (5) submit an annual report to the governor describing the activities of
6 the institute and notify the legislature that the report is available;

7 (6) develop marketing programs based on the "inspection" and
8 "premium quality" seals designed under AS 17.20.066 and use the seals in advertising
9 and promotion efforts of the institute;

10 (7) collect, organize, distribute, and make available to the public
11 information on prices paid and market conditions for raw salmon and salmon products
12 and provide this information on a regular and timely basis to all salmon fishermen
13 who hold permits under AS 16.43 and to all nonprofit salmon enhancement
14 organizations that hold a permit under AS 16.10.400;

15 (8) cooperate with commercial salmon fishermen, fishermen's
16 organizations, seafood processors, the Alaska Fisheries Development Foundation, the
17 Fisheries Industrial Technology Center, state and federal agencies, and other relevant
18 persons and entities to investigate market reception to new salmon product forms and
19 develop commodity standards and future markets for salmon products;

20 (9) establish a salmon marketing committee to assist and advise the
21 board in administering the [DOMESTIC] salmon marketing program that is funded
22 through the tax collected under AS 43.76.110 - 43.76.130; the committee shall consist
23 of seven persons selected by the board, as follows:

24 (A) four persons shall be engaged in commercial salmon
25 fishing and hold salmon permits under AS 16.43, of whom

26 (i) one person shall be a member of the board of
27 directors of the institute; and

28 (ii) three persons shall be Alaska residents from
29 different salmon administrative areas established by the Alaska
30 Commercial Fisheries Entry Commission; and

31 (B) three persons shall be engaged in processing of salmon, of

whom

(i) one person shall be a member of the board of directors of the institute;

(ii) one person shall be a salmon processor who is not on the board of directors of the institute and who has an annual payroll in the state of more than \$2,500,000; and

(iii) one person shall be a salmon processor who is not on the board of directors of the institute and who has an annual payroll in the state of \$50,000 - \$2,500,000.

* Sec. 2. AS 43.76.120(d) is amended to read:

(d) The salmon marketing tax collected under this section shall be deposited in the general fund. The legislature may appropriate revenue generated by the salmon marketing tax to the Alaska Seafood Marketing Institute for the purpose of supporting the institute's salmon marketing program under AS 16.51 [AS 16.51.100(7) - (9) AND THE INSTITUTE'S DOMESTIC SALMON MARKETING PROGRAM]. Except as otherwise provided in an appropriation by the legislature, the amount of the allocation made to the institute's salmon marketing program under AS 16.51.100(7) and (8) should not exceed 10 percent of the total amount of salmon marketing tax revenue appropriated for the institute.

* Sec. 3. The uncodified law of the State of Alaska enacted in sec. 9, ch. 55, SLA 1993, as amended by sec. 1, ch. 111, SLA 1998, is amended to read:

Sec. 9. AS 43.76.110, 43.76.120, and 43.76.130 are repealed June 30, 2008 [2003].

* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

#!
Section
deleted

Alaska State Legislature

SENATOR
BEN STEVENS
716 WEST 4TH AVENUE
ANCHORAGE, AK
99501-2133
(907) 269-0200
FAX (907) 269-0204

Session:
STATE CAPITOL
JUNEAU, AK
99801-1182
(907) 465-4993
FAX (907) 465-3872



Senate District J

SPONSOR STATEMENT

SB 282: Alaska Seafood Marketing Institute Salmon Marketing Tax

Senate Bill 282 extends the termination date for the 1% domestic salmon marketing tax to the year 2008. In 1993, the legislature enacted the 1% tax to raise revenues to market Alaska's salmon in the United States. The tax is paid by commercial salmon harvesters at the rate of 1% of the value of salmon that is removed from the state or transferred to a buyer in the state. The tax must be reinstated every five years by the state legislature; this will be the second extension since its enactment. Senate Bill 282 also permits the revenue to be used in all of ASMI's current salmon marketing programs.

ASMI receives no state funding and is the only non-regulatory state agency that is industry supported. The major components of its' budget are the 1% salmon marketing tax, a .3% seafood processors tax, and funding from two federal grant programs. As the generic marketing agency for all of Alaska's seafood, AMSI utilizes these funds to promote the quality and superiority of Alaska seafood products and to increase worldwide consumption. Over the last six years, they have worked with 34 distributor partners and 60 hotel and restaurant foodservice partners. Last year, ASMI arranged retail promotions with more than 56 major grocery store chains (about 7,000 stores). Through their marketing efforts, more than twenty-five million pounds of Alaska seafood sold directly through their domestic foodservice and retail promotions last year.

CS for SB 282(L&C): Alaska Seafood Marketing Institute/Salmon Marketing Tax

Sectional Analysis

Section	Statute	Existing	CSSB 282	SB 282
1	16.51.100 (9)	Establishes a salmon marketing committee to assist ASMI in administering the DOMESTIC salmon marketing program, funded by the 1% salmon marketing tax.	Removes "DOMESTIC" which will allow the salmon marketing committee to assist ASMI in administering the salmon marketing program in both the DOMESTIC and INTERNATIONAL markets.	Same as existing statute.
2	43.76.120 (d)	Allows the legislature to appropriate revenue generated by the 1% salmon marketing tax for the purpose of the DOMESTIC salmon marketing program under ASMI.	Removes "DOMESTIC" which will allow the legislature to appropriate revenue generated by the 1% salmon marketing tax for the purpose of both the DOMESTIC and INTERNATIONAL salmon marketing programs under ASMI.	Same as existing statute.
3	Uncodified Law	Repeals AS 43.76.110 - .130, establishing the 1% salmon marketing tax, on June 30, 2003.	Extends the termination date for the salmon marketing tax to June 30, 2008.	Extends the termination date for the salmon marketing tax to the year 2008.
4	Uncodified Law	Repeals AS 16.51.100 (7)-(9), establishing the salmon marketing program, to June 30, 2004.	Extends the termination date for the salmon marketing program to June 30, 2009.	Extends the termination date for the salmon marketing program to June 30, 2009.
	16.51.020	Establishes the ASMI board of directors, consisting of 25 voting members - eight seafood processors, eight commercial fish harvesters, and 1 layperson.	Same as existing statute.	Reduces the ASMI board of directors from 25 to 13 by attrition, while maintaining the ratio of membership representations. Board members are phased out as their terms expire.

Alaska State Chamber of Commerce

Position 2002 - 13

Alaska Seafood Marketing Institute

The Alaska State Chamber of Commerce supports the existing mechanisms of funding for the Alaska Seafood Marketing Institute budget, and all other sources of state funding.

Rationale:

The commercial fishing industry is one of the largest private sector employers in the State of Alaska and is the second largest revenue producing industry in the State of Alaska. The seafood industry in Alaska accounts for more than 47% of private sector employment opportunities in Alaska. Fish products represent approximately 40% of Alaska's international exports and over 75,000 people receive all or part of their income from the commercial fishing and the seafood processing industry.

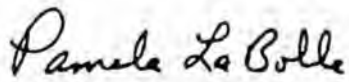
Stable funding provides for a rational decision-making approach to the allocation of fishery resources to both recreational and commercial fishers alike. These allocations are based on Alaska Department of Fish and Game fisheries management data and input from all fishing groups.

Additionally, successful marketing of Alaska seafood resources will help stabilize fishery income to the industry and State of Alaska. Successful marketing will help the industry compete in a global economy that is heavily subsidized by foreign government.

ADOPTED

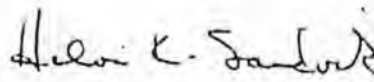
February 12, 2002

BY



Pamela La Bolle
President

BY



Helvi Sandvik
Chair



CS SB 282 (L&C)

Reauthorizing the 1% salmon marketing tax and salmon marketing programs of the Alaska Seafood Marketing Institute (ASMI)

Sponsored by Senator Ben Stevens

Reinstates for a five year period the 1% salmon marketing tax paid by Alaska salmon fishermen, and used to fund ASMI salmon marketing programs. The tax sunsets June 30, 2003.

ASMI's programs are funded by the seafood industry with help from federal grants. These grants are matched with industry dollars.

United Fishermen of Alaska, Alaska State Chamber of Commerce, Alaska Federation of Natives, and Bristol Bay Economic Development Corporation are among the organizations that support this industry funding mechanism.

The reauthorization this fiscal year enables ASMI to go forward with marketing plans for Alaska salmon in the 2003 season.

CS SB 282 (L&C) changes existing law by lifting the restriction on spending the salmon marketing tax exclusively on domestic marketing, allowing the ASMI board the flexibility to determine the most effective way to spend the dollars and leverage federal funds. The ASMI board supports this provision.

The original version of the bill, SB 282, provided for reducing the size of the ASMI board. The Senate Labor and Commerce Committee, chaired by the bill's sponsor, approved a committee substitute that leaves the size of the board as it is. The ASMI board supports retaining a board of 25 to increase seafood industry involvement and representation.



P.O. Box 762 • Kodiak • AK • 99615
Phone: (907) 486-6899 • Fax: (907) 486-7058 • Email: kodiak@unitedsalmon.org

February 15, 2002

Senator Ben Stevens
State Capitol
Juneau, AK 99801-1182

Dear Senator Stevens,

I am writing to convey the support of the United Salmon Association for the changes to the Alaska Seafood Marketing Institute that you are proposing in SB 282. USA has long supported restructuring ASMI to make it a more effective and accessible organization.

In particular, I would like to convey our support for changes to Alaska law to allow ASMI to lobby for the interests of fishermen in the federal arena. In recent years, USA has identified several issues that require treatment at the federal level. These include, but are not limited to, access to USDA price support programs; access to USDA marketing funds; participation in free trade negotiations; and access to federal food aid programs. Many of ASMI's current marketing goals would be complimented by progress in these areas, and we would like to empower the agency to pursue these issues.

Additionally, we support any and all efforts to bring control of the money generated by the 1% tax on salmon harvesters back into the hands of ASMI's Salmon Marketing Committee. It is important that the harvesting community have directional control of those funds in order to assure support for the tax into the future.

Lastly, we would like to see changes to the rules governing the use of the 1% tax monies so it would be permissible to use them for foreign, as well as domestic, marketing. Again, we believe that oversight of this use must rest in the hands of the Salmon Marketing Committee.

We are encouraged by all of the forward movement in the legislature on the issue of salmon this year, and appreciate your efforts to help strengthen Alaska's salmon industry.

Please feel free to contact us with any questions.

Respectfully,
Thom Wischer
Chairman
USA/Kodiak



UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

February 21, 2002

Senator Ben Stevens
Chair
Senate Labor and Commerce Committee
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Re: SB 282 Alaska Seafood Marketing Institute/Tax

Dear Senator Stevens,

United Fishermen of Alaska supports passage of elements of this bill to allow renewing the harvester salmon 1% assessment for marketing, authorizing ASMI to lobby for federal funds, and allowing the ASMI board to spend the assessment for marketing worldwide.

As you are aware, the Alaska salmon industry is facing challenges due to imports of farmed fish, the value of the Japanese yen, the lagging Japanese economy, and inefficiencies in the present harvesting structure. It is import to signal to Alaska's fishery markets and our competitors that we are serious about marketing our product; renewing the assessment now rather than waiting until the last minute in 2003 sends the right message.

The twenty-nine member groups of UFA would appreciate your support in passing this bill.

If you have any questions about our position or if you need additional information, please feel free to contact me.

Sincerely,

Thomas M. Gemmell
Executive Director

Copy: Senator Alan Austerman

MEMBER ORGANIZATIONS

Alaska Longline Fishermen's Association • Alaska Trollers Association • At-sea Processors Association • Bristol Bay Reserve
Chignik Regional Aquaculture Association • Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association
Copper River Salmon Producers Association • Cordova District Fishermen United • Douglas Island Pink and Chum
Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • Kodiak Seiners Association • North Pacific Fisheries Association
Northern Southeast Regional Aquaculture Association • Old Harbor Fishermen's Association • Petersburg Vessel Owners Association
Prince William Sound Aquaculture Corporation • Pura Seina Vessel Owners Association • Seafood Producers Cooperative
Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
United Cook Inlet Drift Association • United Salmon Association • United Southeast Alaska Quillman

POM Database

4 per page

Master List

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Title **Mrs.**

First Name **Julie**

Middle **A**

Last Name **Decker**

Suffix

Address 1 **2138**

Address 2 **Po Box 2138**

City **Wrangell**

State **AK**

Zip **99929**

Telephone Number **874-3110**

Affiliation **individual commercial fishermen**

Reg Voter **Y**

Constituency **N**

Distribution **5**

match **X**

ascension

email

Date POM Sent **02/21/2002**

Bill Number **SB 282**

Response **Supports**

Subject

Message 1 My husband Gig and I would like to support SB282. Gig has been a commercial salmon fisherman for 30 years and I went with ASMI on its China Trade Mission last October. ASMI does an excellent job with the funds it has.

Message 2

issue

nameadd **DeckerJulie2138**

home phone

ascension

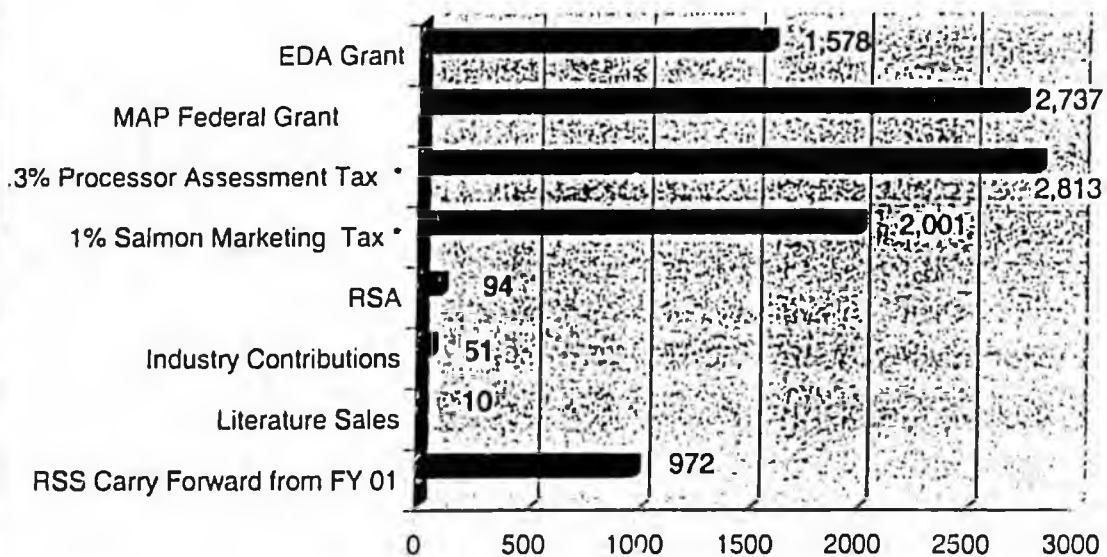
namelast **Decker**



Sources of ASMI Revenue FY 02

RSS Carry Forward from FY 01	972	9%
Literature Sales	10	0%
Industry Contributions	51	0%
RSA	94	1%
1% Salmon Marketing Tax *	2,001	20%
.3% Processor Assessment Tax *	2,813	27%
MAP Federal Grant	2,737	27%
EDA Grant	1,578	15%
	10,256	100%

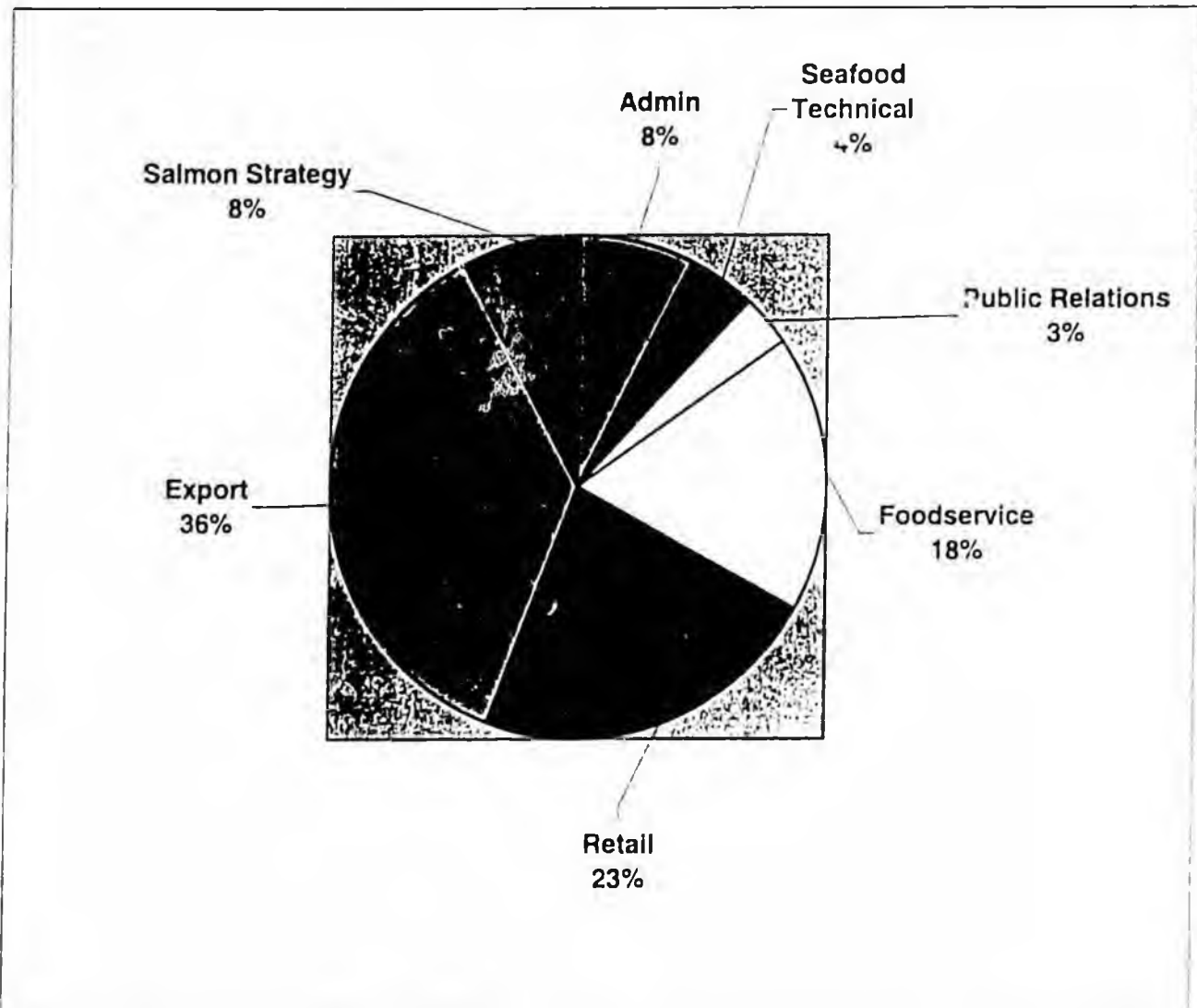
*Note: * The Fish Revenues are projected*





Allocation of ASMI Revenue FY 02

Admin	739	8%
Seafood Technical	439	4%
Public Relations	335	3%
Foodservice	1,728	18%
Retail	2,266	23%
Export	3,582	36%
Salmon Strategy	753	8%
	9,842	100%





Last year more than 50,000,000 pounds of Alaska Seafood was sold directly through ASMI foodservice and retail promotions

Export Foodservice

1,307,061 pounds of Alaska seafood sold through ASMI export foodservice promotions overseas in FY 01
9,912 chefs exposed to Alaska seafood through promotions and seminars overseas
248 promotional partners for export foodservice program
22 new promotional partnerships established
38.8% increase in pounds of value-added seafood sold

Export Retail

23,864,957 pounds of Alaska seafood sold through ASMI export retail promotions overseas in FY 01
8,617 stores conducting ASMI promotions overseas
272 new promotional partners for export retail program
38.8 change in pounds of value added seafood sold at retail
+76% volume and percentage change in sales of canned salmon (UK)

Domestic Foodservice Program

More than 11.5 million pounds of Alaska seafood sold through domestic foodservice promotions in FY 01
35 working accounts, with 4,786 units (excludes those served by broadline foodservice distributors)
15 new promotional partners
35,000 chefs exposed to ASMI and Alaska seafood through promotions and educational seminars

Domestic Retail Program

More than 13 million pounds of fresh and frozen Alaska seafood sold through domestic retail promotions in FY 01
3 million pounds of this was value-added product
58 grocery chains with 7,103 stores involved in ASMI promotions
Added six new retail chains (1,443 stores) as partners for promoting all species of Alaska seafood
Sales figures were up 6.8% over last year for sales of value-added Alaska seafood items through national home delivery service promotion

U.S. marketing efforts are enhanced by a strategic salmon initiative funded by federal EDA grant funds. In FY 01 this initiative achieved 145 million impressions: key messages about Alaska Salmon were delivered that many times through radio, newspaper, magazine, and TV. An expenditure of \$900,000 generated media coverage valued at \$19.7 million.

Did you know that....

- **In 2000, the Alaska Seafood brand ranked Number 3 among branded food items on menus of the top 500 restaurant chains in the U.S.**
- **The Marine Stewardship Council (MSC) validated Alaska's salmon fishery management in September 2000, certifying Alaska salmon fisheries as sustainable. Promotions of MSC-certified Alaska salmon were held in Europe and the United States in the summer of 2001. Alaska's salmon fishery is the largest fishery certified to date and the only salmon fishery in the world to be certified.**
- **More fresh and frozen sockeye than ever before entered the U.S. market last year.**
- **Alaska seafood valued at \$67.8 million was sold as a direct result of ASMI retail promotions in Japan during FY 01.**
- **A single ASMI event in the Japanese port city of Shiogama drew 9000 consumers and 170 representatives of the Japanese seafood trade.**
- **New laws in effect in Japan and the European Union require seafood labels at the retail level to state the country where the product originated and whether it is wild or farmed. This aids ASMI's effort to differentiate and reposition Alaska products in the market.**
- **New markets are opening up for fresh and fresh/frozen Alaska salmon. In the UK, major retailer Tesco is using frozen Alaska keta salmon to create kabobs with two types of sauce that are sold at chilled retail service counters.**
- **At the world's largest seafood tradeshow, the European Seafood Exposition, ASMI's Alaska pavilion generated \$50 million in seafood sales and over 400 trade leads.**
- **In France, four national foodservice distributors now carry Alaska keta and pink salmon fillets and portions on a year-round basis. Surimi consumption is at an all-time high.**
- **European salmon smokers are beginning to return to wild Alaska salmon after years of using farmed salmon. In 2001, the biggest salmon smoker in Germany, a company that has been using coho and king, is considering adding sockeye salmon to the range of products.**

Alaska Seafood Industry Facts

- Alaska's 4,584,200,000 pound commercial fish harvest in the year 2000 had an ex-vessel value of \$1,050,884,000.
- About half the U.S. commercial seafood harvest comes from Alaska. The nation's top port in terms of volume is Dutch Harbor/Unalaska with landings in 2000 of 699.8 million pounds valued at \$124.9 million. The number two port in terms of value is Kodiak, with landings of 289.6 million pounds valued at \$94.7 million.
- Alaskans own about 79% of the total number of active commercial fishing entry permits. About half of these 11,118 Alaskan-owned permits are held by rural residents.
- Anchorage is Alaska's largest fishing village, with 903 commercial fishing permit holders and 36 fish processors. The seafood industry directs about \$250 million a year to the economy of Anchorage, the state's major commercial hub.
- Seafood industry taxes and license fees provided more than \$52 million to the state treasury in FY 01. Additional revenue is received through property tax assessments of vessels and seafood plants, corporate income tax, locally levied fish taxes, local sales taxes and marine motor fuel taxes.
- The seafood industry accounts for 47% of the private sector employment in Alaska. More than 15,000 Alaskans worked in seafood harvesting in 1999, and about 8,500 worked for seafood processors. Eleven seafood processors rank among the state's top 100 employers. Earnings to fish processors were about \$2.4 billion in 1999.
- Alaska produces 90-95% of the U.S. commercial salmon harvest, and is the world's top producer of wild salmon. Alaska's carefully managed salmon fishery has been certified as sustainable by the Marine Stewardship Council (MSC).
- Seafood is Alaska's number one export, valued at over \$1 billion in 2000. For comparison, oil and gas exports amounted to \$572 million. Japan imported Alaska seafood valued at \$710 million. Much of the \$133 million worth of seafood exported to Korea is also re-exported to Japan. In 2001, seafood exports appeared to be up 21% compared to the previous year, totaling slightly over \$1 billion through the third quarter.



ASMI Programs

ASMI has four core programs: Export, Domestic (U.S.) Marketing, Seafood Technical (quality information and education), and Public Relations. A new program, Alaska Salmon Strategic Marketing, was established in September 2000, made possible by an EDA grant for salmon marketing in the U.S.

Export

Promotional activities are conducted in more than a dozen countries around the world. Overseas marketing representatives based in Japan, China, Taiwan, Europe and Australia market "Alaska" brand seafood products through foodservice and retail promotions, public relations, trade and consumer advertising, and trade education. ASMI has received support for this program since 1988 from the USDA Market Access Program, and it was originally limited to salmon promotion. Four years ago the federal government opened the door to marketing the full range of Alaska seafood products.

Domestic Marketing

The retail and foodservice programs boost sales of all species of Alaska seafood.

The retail program arranges promotions in partnership with major grocery store chains. There are all-species promotions and canned salmon promotions placed in retail stores each year, supported with advertising and public relations. More than 56 chains (about 7,000 stores) participated in retail promotions last year. Four field representatives serve this program. ASMI retail also works with the nation's largest home delivery service, which stocks six branded Alaska seafood products.

The foodservice program works with national foodservice distributors and restaurant/hotel chains, conducting customized promotions to boost Alaska seafood awareness and sales. Over the last six years ASMI has worked with 34 distributor partners (companies that move millions of pounds of Alaska seafood each year), and 60 hotel and restaurant foodservice partners (chains that represent from 1 to 1700 restaurants). The number of promotional partners has grown steadily. Through the Culinary Institute of America, ASMI trains prominent executive chefs in Alaska seafood use, resulting in Alaska products being added to menus of large chains and institutions across the country.

ASMI initiated a Kids' Marketing Program for restaurants serving Alaska seafood, and a Takeout program to position Alaska seafood in the deli section of stores that sell ready-to-eat meals, and in restaurants providing takeout service.

Seafood Technical

Seafood quality assurance is the focus of this program. ASMI develops market-oriented quality specifications that promote a high quality image for Alaska seafood in the marketplace. It also adopts and disseminates recommendations for the handling of seafood from the moment of capture to final distribution, using education and training as its primary tools. This program offers technical assistance and support to the industry and to all other ASMI programs in the areas of scientific and regulatory issues including food safety, product labeling, environmental concerns, and importation requirements in overseas markets.

Public Relations

The public relations program supports the marketing programs by responding to inquiries and information requests from industry members, news media, businesses, government agencies and the general public. It uses industry newsletters, press releases, recipe releases, televised Alaska seafood segments, information kits, trade show booths, and the newly restructured website (www.alaskaseafood.org) as its primary tools. It also oversees the Salmon Market Information Service (ASMI has a statutory obligation to provide information about the salmon market to the salmon fleet,) and is a major sponsor of the Symphony of Seafood held each year.

Alaska Salmon Strategic Initiative

This program was initiated in September 2000 to help the Alaska salmon industry by developing and executing an Alaska salmon marketing plan to boost sales. Public relations activities include: radio and television segments featuring Alaska salmon, public service announcements for national television broadcast, press kits to newspapers and magazines resulting in editorial coverage, recipe releases to newspapers, promotion of value-added products, and trade and consumer advertising highlighting the attributes of wild Alaska salmon. It is funded by a federal EDA grant through the Trade Adjustment Assistance Act.

ASMI'S CURRENT MARKETING PARTNERS - JANUARY 2002

Domestic Foodservice

- Alliant Foodservice: broadline foodservice distributor
- Bill Knapps Restaurants: over 50 units based in Michigan
- Byerlys/Lunds: 19 upscale retail stores in Midwest
- C.A. Muer: upscale seafood chain based in Detroit, Michigan
- Carrows: 141-unit family-style restaurant chain
- Chart House: 58-unit steakhouse
- Culinary Institute of America (CIA): California and New York campus sponsorships
- Club Corporation: 120 private clubs across the U.S.
- Dennys: more than 1,700 restaurants nationwide
- Fresh Fish Company: largest seafood restaurant in Denver, Colorado
- Food Services of America: broadline foodservice distributor, corporate headquarters, Seattle, Washington; Portland, Oregon
- Fultons Crab House: annual Seafood Alaska month; Orlando, Florida
- Holland America Chefs Forum: seafood training at CIA
- Hyatt Hotels: 135 properties
- Ivars: Pacific northwest seafood chain
- Lindblad Expeditions: five 70-passenger cruise ships
- Long John Silvers: 33 restaurants based in southeast
- McCormick & Schmicks: 25-unit seafood chain nationwide
- Mallards Restaurant: joint promotion with O'Briens Supermarkets, Modesto, California
- Marie Callenders: 155 units across the Western U.S.
- Marriott Hotels: 215-property promotion extending into Canada
- Max & Ermas: based in midwest, more than 61 units
- Pappas: 52-unit restaurant chain in Houston, Texas
- Pennsylvania State University: training seminar for multi-sector dining facilities
- Rubios Baja Grille: based in San Diego, California, 125 units, expanding to new markets including Portland and Denver
- Rubys Diner: 31 units based out of Southern California
- Ryans: 312-unit chain in Greer, South Carolina
- ServiceMaster: seafood training at CIA
- Sodexo: non-commercial sector with over 4,900 outlets
- Stillwater Grill: independent restaurant in central Michigan
- Sysco: broadline foodservice distributor, corporate headquarters plus 15 regional divisions
- Walt Disney World: on-going multi-property training
- Westin Hotels: 70 properties
- Wyndham Hotel: 200-property hotel chain based out of Dallas, Texas

Training Key Chefs

Alaska seafood seminars are conducted at the prestigious Culinary Institute of America (CIA) in California. These events lead to Alaska seafood being added to the menus of national chain

restaurants. Alaska seafood education was provided at a special session for chefs working in the cruise ship industry.

2001 CIA Seminar Participants: U.S. Army, Phoenix Restaurant Group, H.E.B. Grocery, Sea World Adventure Park, Darden Restaurants, California Sushi Academy, Disneys Wilderness Lodge, Royal Caribbean Cruise Lines, P.F. Changs China Bistro, Ameristar Casinos

Domestic Retail

Alaskan Brewing Company (possible summer grilling promo)
Fetzer Winery (promotions in California)
General Mills (retail & foodservice)
McCormick's (Alaska Seafood Cookbook)
Mondavi Winery (Lent promotion)
Reynolds (Alaska Seafood Cookbook)
Southern Women Shows (fall shows)
Schwan's (consumer sweepstakes)
Andronicos (8 stores) Lent fresh pollock promo
A. & J.'s Lent fresh cod promo
Basha's Lent canned salmon promo
Big Y (47) "Night of Lite Laughter with Joan Rivers" - cookbook promo kick-off
Bi-Lo (290)
Bruno's (152) (Southern Women Shows)
Byerly's/Lunds (19) Lent fresh and canned salmon promos
Costco (350)
Cub Foods - (44) Seafood Test Section - "Lose for Lent" promo
D&W (26) Tailgate party contest - Lent Seafood Cooking Clinics
Farmer Jack (103) Internet microsite - recipe contest
Fiesta Mart (43) Banners & bi-lingual recipes - Lent Canned coupon
Food Lion, Salisbury North Carolina (1,136)
Fred Meyer, Portland, Oregon (135) Cooking schools
Furr's (69)
Gerland's (16)
Giant Carlisle (173)
H.E.B. (268) Holiday - crab promo, Lent - whitefish promo, Summer - grilling promo
Harris Teeter (149)
Hen House (28)
IGA stores in Georgia, Florida and South Carolina (75)
Ingle's (208)
King Soopers/City Mkts (122) Lent whitefish promo
Kroger Corporate (3,133); Atlanta, Georgia; Cincinnati, Ohio (99 stores); Detroit, Michigan; Houston, Texas; Indianapolis, Indiana (141 stores); Louisville, Tennessee; Nashville, Tennessee :
Memphis, Tennessee; Roanoke, Virginia.
Larry's Markets - Lent fresh salmon promo

Lowe's Foods (86)
MDI (Galaxy Foods) (168)
Meijer (263)
Mid-Mountain KVAT (Food City) (87)
Mollie Stones - Lent fresh cod promo
Pavilions (Safeway) (43) Lent canned salmon promo
Penn Traffic (366) Lent recipe contest
Piggly Wiggly (107)
Price Chopper (106)
Publix - Atlanta, Georgia (637)
QFC - Bellevue, Washington (88) Lent salmon & canned salmon demos
Rainbow Foods (46) Lent canned and fresh salmon demos
Raley's (149) Lent canned salmon demos
Ralph's (426) Lent salmon and canned salmon promo
Randall's/Tom Thumb (121)
Safeway Corporate (1,672); Eastern Division; Portland, Oregon; Seattle, Washington
SAM'S Club (500) Grand Store Opening demos
Save Mart (98) Cook from frozen promo
Smith's (116) Lent Whitefish Promo
Stater Bros. Lent canned and frozen salmon promo
The Fresh Market (25)
Trader Joe's (140)
Vons - Safeway (285)
WalMart (760)
Wegman's (59) pot-caught cod promo
Whole Foods, Southern Division 29 units operating under the names Fresh Fields and Whole Foods throughout Washington, D.C., Georgia, Maryland, Virginia, North Carolina, New Jersey and Pennsylvania. (140)
Winn-Dixie (all divisions -1,182)

SB 282-ALASKA SEAFOOD MARKETING INSTITUTE/TAX
SENATE FINANCE COMMITTEE

SIGN-IN

NAME: Silk Aspelund Subject/Bill No: SB 282
Co./Dept./Title: COFIU - Exec. Dir. Phone: 424 3447
Address: P.O. Box 939, Cordova, AK Zip: 99574
Do you wish to testify? Yes No Respond To Questions

NAME: Barbara Belknap Subject/Bill No: 282
Co./Dept./Title: Executive Director - ASMI Phone: 465-5560
Address: Tuneau Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: Jerry McCune Subject/Bill No: SB 282
Co./Dept./Title: United Fishermen of ALASKA Phone: 586-2820
Address: 211 45th Suite 110 99801 Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: Kathy Hansen Subject/Bill No: SB 282
Co./Dept./Title: SE AK Fishermans Alliance Phone: 586-6652
Address: 9369 North Dgk Hwy Tunear Zip: 99801
Do you wish to testify? Yes No Respond To Questions

SITE: Kodiak LIO

COMMITTEE: Senate Finance

DATE: 03/04/02

SUBJECT OF MEETING:

SB 282 - ASMI

UPDATE #: 3



PLEASE SIGN IN

DO YOU WANT

PRINT YOUR NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

TO TESTIFY?

Y or N

PRINT YOUR NAME	ADDRESS (MAILING & ZIP)	REPRESENTING	TO TESTIFY? Y or N
Bruce Schactler			Y SB 282
		Phone #:	
Chris Berns			N SB 282
		Phone #:	
		Phone #:	
		Phone #:	
		Phone #:	