

**SB**

**273**

**HFIN**

**FILE**



# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HCSCSSB 273 (FSH)  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: OOG  
 Title An Act relating to the Alaska Seafood RDU Elections  
 Marketing Institute \_\_\_\_\_ Component Elections  
 Sponsor Senator Gary Stevens  
 Requester House Finance Committee Component No. 21

**Expenditures/Revenues (Thousands of Dollars)**

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies	0.4					
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE (Thousands of Dollars)**

FUND SOURCE	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
1002 Federal Receipts						
1003 GF Match						
1004 GF	0.4					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Preparation and mailing of ASMI ballots to approximately 200 voters is estimated to cost \$400.00.

Prepared by: Leonard G. Jones Phone 465-3051  
 Division: Division of Elections Date/Time 4/29/04 3:58 PM  
 Approved by: Laura A. Glaiser, Director Date 4/29/2004  
 Agency: Office of the Lt. Governor, Division of Elections

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 3  
 Bill Version: CSSB 273(FIN)  
 (S) Publish Date: 3/22/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title ASMI Board/Seafood Taxes & Assessments RDU Revenue Programs & Services  
 Component Tax Division  
 Sponsor Sen. Gary Stevens/JT Salmon Task Fr  
 Requester Senate Finance Component No. 2476

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	*	*	*	*	*	*
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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						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

\* See page 2 for analysis.

Prepared by: Chuck Harlamert Phone 465-2320  
 Division Tax Division Date/Time 3/12/04 8:20 AM  
 Approved by: Steve Porter, Deputy Commissioner Date 3/12/2004  
 Agency Department of Revenue

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FISCAL NOTE # 3

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. CSSB 273(FIN)

ANALYSIS CONTINUATION

**Revenue Analysis**

The bill authorizes two additional Seafood Marketing Assessment rates, .5% and .6%. An election is mandated in which processors will first vote to retain the existing assessment or eliminate it. If the assessment is retained, a second vote determines whether the assessment shall remain at .3% or increase to .5% effective January 1, 2006. If the second vote increases the assessment to .5%, the 1% Salmon Marketing Tax is repealed as of December 31, 2005.

The following revenue estimates are based on FY03 data and reflect the combined revenues from the Seafood Marketing Assessment and the Salmon Marketing Tax (ASMI funding) and the change in revenues compared to current law.

Scenario	Revenue		
	FY05	FY06	FY07...
Eliminate Seafood Marketing Assessment	\$4,401,972	\$4,401,972	\$1,412,041
Change in Revenue	None	None	(\$2,989,931)
Retain Existing .3% Seafood Marketing Assessment	\$4,401,972	\$4,401,972	\$4,401,972
Change in Revenue	None	None	None
Increase Seafood Marketing Assessment to .5%	\$4,401,972	\$4,261,956	\$4,983,220
Change in Revenue	None	(\$140,016)	\$581,248

The temporary dip in revenues under the .5% Seafood Marketing Assessment scenario is due to the difference in timing of revenues between the Seafood Marketing Assessment and the Salmon Marketing Tax. The .2% increase in the Seafood Marketing Assessment and the repeal of the Salmon Marketing Tax are both effective in calendar year 2006. However, the Seafood Marketing Tax is an annual tax paid on March 31 of the following calendar year. The rate increase effective for 2006 is therefore realized in FY07 (March of 2007). The Salmon Marketing Tax is paid monthly with 90% of the revenue for a calendar year being paid during the July-December period. FY06 revenues are reduced from current levels by the amount of Salmon Marketing Tax otherwise due during the first six months of 2006. Detail of revenue changes by tax type under the .5% Seafood Marketing Assessment scenario are as follows:

Tax Type	Change in Revenue		
	FY05	FY06	FY07...
Seafood Marketing Assessment Change	No Change	No Change	\$1,993,289
Salmon Marketing Tax Change	No Change	(\$140,016)	(\$1,412,041)
Total Change in Revenue	No Change	(\$140,016)	\$581,248

# 2004 HOUSE FINANCE COMMITTEE VOTE SHEET

DATE: \_\_\_\_\_

SB 273

Amendment: Croft Version  
M

MEMBER

Favor

Oppose

MEYER		✓
MOSES	✓	
STOLTZE		✓
CHENAULT		✓
CROFT	✓	
FATE		✓
FOSTER		✓
HAWKER		✓
JOULE	✓	
HARRIS		✓
WILLIAMS		✓

Yea \_\_\_\_\_

Nay \_\_\_\_\_

Not Adopted  
4.29.04

23-LS1366M  
Utermohle  
4/29/04

HOUSE CS FOR CS FOR SENATE BILL NO. 273( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATOR GARY STEVENS BY REQUEST OF THE JOINT LEGISLA  
INDUSTRY TASK FORCE

Croft  
Changes  
on page  
2 or 3

A BILL  
FOR AN ACT ENTITLED

1 "An Act amending the size, membership, and powers of the board of directors of the  
2 Alaska Seafood Marketing Institute and making a corresponding change in the quorum  
3 requirement; authorizing the establishment of the seafood marketing assessment at a  
4 rate of 0.5 percent or 0.6 percent of the value of seafood products produced; providing  
5 for an election to retain, terminate, or increase the seafood marketing assessment;  
6 providing for the repeal of the salmon marketing tax and provisions related to the  
7 salmon marketing tax; and providing for an effective date."

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

9 \* Section 1. AS 16.43.160(e)(2)(A)(ix) is amended to read:

10 (ix) Department of Revenue - fisheries business tax  
11 program, fishery resource landing tax program, salmon enhancement  
12 tax program, [SALMON MARKETING TAX PROGRAM,] and dive  
13 fishery management assessment program;

1 \* Sec. 2. AS 16.51.020(a) is amended to read:

2 (a) The governing body of the institute is a board of directors. The board  
3 consists of 11 [25] voting members appointed by the governor. In making  
4 appointments to the board, the governor shall consider, but need not appoint, nominees  
5 presented by persons engaged in fish processing, the financing of fish processing, or  
6 commercial fishing.

7 \* Sec. 3. AS 16.51.020(a) is amended to read:

8 (a) The governing body of the institute is a board of directors. The board  
9 consists of 13 [11] voting members appointed by the governor. In making  
10 appointments to the board, the governor shall consider, but need not appoint, nominees  
11 presented by persons engaged in fish processing, the financing of fish processing, or  
12 commercial fishing.

13 \* Sec. 4. AS 16.51.020(b) is amended to read:

14 (b) Seven [TWELVE] members of the board shall be seafood processors: five  
15 [EIGHT] of the seafood processors must have an annual payroll in the state of more  
16 than \$2,500,000; two [FOUR] of the seafood processors must have an annual payroll  
17 in the state of \$50,000 - \$2,500,000. Four [TWELVE] members of the board must be  
18 engaged in commercial fishing. [THE GOVERNOR, TO THE EXTENT  
19 PRACTICABLE, SHALL APPOINT AS COMMERCIAL FISHING MEMBERS OF  
20 THE BOARD PERSONS ENGAGED IN COMMERCIAL FISHING IN A FISHERY  
21 MANAGEMENT REGION OF THE STATE IN THE SAME PROPORTION THAT  
22 THE REGION CONTRIBUTES, OR IS EXPECTED TO CONTRIBUTE DURING  
23 THE NEXT YEAR, TO THE TOTAL SALMON MARKETING TAX COLLECTED  
24 UNDER AS 43.76.110 - 43.76.130. ONE MEMBER OF THE BOARD SHALL BE A  
25 LAY PERSON SELECTED BY THE GOVERNOR.]

26 \* Sec. 5. AS 16.51.020(b) is amended to read:

27 (b) Seven members of the board shall be seafood processors: five of the  
28 seafood processors must have an annual payroll in the state of more than \$2,500,000;  
29 two of the seafood processors must have an annual payroll in the state of \$50,000 -  
30 \$2,500,000. Six [FOUR] members of the board must be engaged in commercial  
31 fishing.

1 \* Sec. 6. AS 16.51.050 is amended to read:

2           Sec. 16.51.050. Quorum. Six [FOURTEEN] members of the board appointed  
3           under AS 16.51.020 constitute a quorum for the transaction of business and the  
4           exercise of the powers and duties of the board.

5 \* Sec. 7. AS 16.51.050 is amended to read:

6           Sec. 16.51.050. Quorum. Seven [SIX] members of the board appointed  
7           under AS 16.51.020 constitute a quorum for the transaction of business and the  
8           exercise of the powers and duties of the board.

9 \* Sec. 8. AS 16.51.120(a) is amended to read:

10           (a) A seafood marketing assessment shall be levied on the value of seafood  
11           products produced in Alaska as provided in (b), (c), (d), [OR] (e), (h), or (i) of this  
12           section if an election is held under AS 16.51.140 at which the assessment is approved  
13           by eligible processors who together produce at least 51 percent of the value of seafood  
14           products produced in Alaska in the calendar year.

15 \* Sec. 9. AS 16.51.120(f) is amended to read:

16           (f) An election under (a) of this section shall be held if the proposed election  
17           for the levying of an assessment under (b), (c), (d), [OR] (e), (h), or (i) of this section  
18           is approved by a majority of the whole membership of the board at a regularly  
19           scheduled meeting.

20 \* Sec. 10. AS 16.51.120(g) is amended to read:

21           (g) Notwithstanding (a) - (e), (h), and (i) of this section and AS 16.51.150(c),  
22           a processor is not subject to, or liable for payment of, an assessment under this section  
23           on the value of the seafood products produced in Alaska if the value of seafood  
24           products produced in Alaska by the processor is less than \$50,000 in a calendar year.  
25           This subsection does not exempt a processor from liability for payment of taxes  
26           imposed under AS 43.75 or AS 43.77.

27 \* Sec. 11. AS 16.51.120 is amended by adding new subsections to read:

28           (h) Each processor shall pay a seafood marketing assessment\* of .5 percent of  
29           the value of seafood products produced in Alaska by the processor.

30           (i) Each processor shall pay a seafood marketing assessment of .6 percent of  
31           the value of seafood products produced in Alaska by the processor.

1 \* Sec. 12. AS 16.51.130(a) is amended to read:

2 (a) A seafood marketing assessment levied under AS 16.51.120(b), (c), (d),  
3 [OR] (e), (h), or (i) shall be terminated by the commissioner of revenue if

4 [(1)] an election is held under AS 16.51.140 in which the termination  
5 is approved by eligible processors who together produce at least 51 percent of the total  
6 value of seafood products produced in Alaska during the calendar year [; OR

7 (2) THE BOARD, AT A REGULARLY SCHEDULED MEETING,  
8 ADOPTS A RESOLUTION APPROVED BY TWO-THIRDS OF THE VOTING  
9 MEMBERSHIP OF THE BOARD REQUESTING THE COMMISSIONER OF  
10 REVENUE TO TERMINATE THE ASSESSMENT].

11 \* Sec. 13. AS 16.51.130(b) is amended to read:

12 (b) An election under (a) [(a)(1)] of this section shall be held if

13 (1) the proposed election for the termination of the assessment is  
14 approved by a majority of the whole membership of the board at a regularly scheduled  
15 meeting; or

16 (2) a petition is presented to the director of elections requesting  
17 termination of the assessment by eligible processors who together produce at least 25  
18 percent of the total value of seafood products produced in Alaska during the calendar  
19 year.

20 \* Sec. 14. AS 16.51.140(b) is amended to read:

21 (b) In conducting the election under this section, the institute and the director  
22 of elections shall adopt the following procedures:

23 (1) the proposed levy or termination of the assessment shall be adopted  
24 at a regularly scheduled meeting of the board of directors of the institute held not  
25 less than 60 days before the date on which the ballots must be postmarked to be  
26 counted unless the election is for termination of the assessment and has been initiated  
27 by a petition under AS 16.51.130(b)(2);

28 (2) the institute shall hold at least one meeting, not less than 30 days  
29 before the date on which ballots must be postmarked to be counted, to explain the  
30 reason for the proposed seafood marketing assessment or termination of the  
31 assessment and to explain the voting procedure to be used in the election; the institute

1 shall provide notice of the meeting by

2 (A) mailing the notice to each eligible processor; and

3 (B) publishing the notice in at least one newspaper of general  
4 circulation in each region of the state at least two weeks before the meeting;

5 (3) the director of elections [INSTITUTE] shall mail ballots to each  
6 eligible processor not more than 45 days before the date specified as the date ballots  
7 must be postmarked;

8 (4) the ballot must

9 (A) indicate whether the assessment is to be levied under  
10 AS 16.51.120(b), (c), (d), [OR] (e). (h), or (i) and must state the percentage of  
11 the assessment;

12 (B) indicate the effective date of the levy of the assessment or  
13 termination of the assessment;

14 (C) ask whether the assessment shall be levied or, if the  
15 election is to terminate the assessment, whether the assessment shall be  
16 terminated;

17 (5) the ballots shall be returned by mail to the director of elections  
18 and shall be counted by the director of elections or a representative.

19 \* Sec. 15. AS 37.05.146(c)(25) is amended to read:

20 (25) receipts from the seafood marketing assessment under  
21 AS 16.51.120 - 16.51.170 [, THE SALMON MARKETING TAX UNDER  
22 AS 43.76.110 - 43.76.130,] and [OTHER] receipts of the Alaska Seafood Marketing  
23 Institute;

24 \* Sec. 16. REPEAL OF SALMON MARKETING TAX. (a) Section 9, ch. 55, SLA 1993,  
25 as amended by sec. 1, ch. 111, SLA 1998, and sec. 3, ch. 136, SLA 2002, is amended to read:

26 Sec. 9. AS 43.76.110, 43.76.120, and 43.76.130 are repealed December 31,  
27 2004 [JUNE 30, 2008].

28 \* Sec. 17. REPEAL OF MISCELLANEOUS PROVISIONS RELATED TO THE  
29 SALMON MARKETING TAX. Sections 3, 8(c), and 12, ch. 55, SLA 1993, are repealed.

30 \* Sec. 18. The uncodified law of the State of Alaska is amended by adding a new section to  
31 read:

1           TRANSITION FOR MEMBERS OF THE BOARD OF DIRECTORS OF THE  
2 ALASKA SEAFOOD MARKETING INSTITUTE. (a) Notwithstanding AS 16.51.030, the  
3 terms of office of all persons who are serving as members of the board of directors of the  
4 Alaska Seafood Marketing Institute on the day before the effective date of sec. 2 of this Act  
5 expire on the effective date of sec. 2 of this Act.

6           (b) The governor shall appoint qualified persons to serve on the board of directors of  
7 the Alaska Seafood Marketing Institute, as restructured under AS 16.51.020, as amended by  
8 sec. 2 of this Act, as soon as practicable on or after the effective date of sec. 2 of this Act.  
9 The governor shall appoint persons to initial terms in accordance with AS 39.05.055(5). To  
10 the extent possible, the governor shall maintain staggered terms for members of each class of  
11 board members.

12       \* Sec. 19. The uncodified law of the State of Alaska is amended by adding a new section to  
13 read:

14           APPOINTMENT OF MEMBERS OF THE BOARD OF DIRECTORS OF THE  
15 ALASKA SEAFOOD MARKETING INSTITUTE FOLLOWING THE ELECTION HELD  
16 UNDER SECTION 20 OF THIS ACT. The governor shall appoint qualified persons to fill  
17 the two commercial fishermen memberships created on the board of directors of the Alaska  
18 Seafood Marketing Institute under AS 16.51.020, as amended by sec. 3 of this Act, as soon as  
19 practicable on or after the effective date of sec. 3 of this Act. The governor shall appoint the  
20 two commercial fisherman members to initial terms of one, two, or three years, as the  
21 governor determines appropriate to provide for staggered terms for the commercial fishermen  
22 members of the board.

23       \* Sec. 20. The uncodified law of the State of Alaska is amended by adding a new section to  
24 read:

25           SEAFOOD MARKETING ASSESSMENT; ELECTION. (a) Notwithstanding  
26 AS 16.51.120 - 16.51.170, the seafood marketing assessment that is in effect on the day  
27 before the effective date of this section shall remain in effect until December 31, 2004. After  
28 December 31, 2004, a levy of the seafood marketing assessment under AS 16.51.120 shall be  
29 retained, amended, or terminated in accordance with the results of the election held under this  
30 section by the Alaska Seafood Marketing Institute.

31           (b) Notwithstanding AS 16.51.120 - 16.51.140, the Alaska Seafood Marketing

1 Institute shall conduct an election under this section for the retention, termination, and  
2 amendment of the levy of the seafood marketing assessment under AS 16.51.120.

3 (c) In conducting the election under this section, the Alaska Seafood Marketing  
4 Institute and the director of elections shall adopt the following procedures:

5 (1) by August 1, 2004, the director of elections shall approve

6 (A) the notice of the election to be published by the institute;

7 (B) the ballot to be used in the election; and

8 (C) the registration and voting procedures for the election;

9 (2) the institute shall hold at least one meeting before September 1, 2004, to  
10 explain the reason for the election and to explain the voting procedure to be used in the  
11 election; the institute shall provide notice of the meeting by

12 (A) mailing the notice of the meeting to each eligible processor; and

13 (B) publishing the notice in at least one newspaper of general  
14 circulation in each region of the state at least two weeks before the meeting;

15 (3) the director of elections shall mail ballots to each eligible processor by  
16 September 15, 2004;

17 (4) the ballot must ask two questions as follows:

18 (A) the first ballot question must ask whether the seafood marketing  
19 assessment shall be retained; the ballot question must be written so that a yes vote is  
20 for retention of the levy of the seafood marketing assessment and a no vote is for  
21 termination of the levy of the seafood marketing assessment;

22 (B) the second ballot question must ask whether the seafood marketing  
23 assessment shall be levied under AS 16.51.120(h) at a rate of .5 percent of the value of  
24 seafood products produced in Alaska by a processor; the ballot question must be  
25 written so that a yes vote is for approval of the levy of the assessment under  
26 AS 16.51.120(h) and a no vote is for retention of the levy under AS 16.51.120 that is  
27 in effect on the day before the effective date of this section; the ballot must indicate  
28 that the effective date of the levy of the assessment under AS 16.51.120(h) is  
29 January 1, 2005, if the levy is approved;

30 (5) the ballots must be postmarked on or before October 1, 2004, and received  
31 by the director of elections on or before October 15, 2004, to be counted in the election;

1 (6) the ballots shall be returned by mail;

2 (7) the ballots shall be counted by the director of elections or the director's  
3 representative; the director or the director's representative, with the assistance of the  
4 commissioner of revenue, shall first determine whether the retention of the levy of the seafood  
5 marketing assessment is approved by eligible processors who together produce at least 51  
6 percent of the value of seafood products produced in Alaska in the previous calendar year;  
7 only if the retention of the levy of the assessment is approved, the director or the director's  
8 representative, with the assistance of the commissioner of revenue, shall determine the results  
9 of the voting on the second ballot question;

10 (8) if the retention of the levy of the seafood marketing assessment under  
11 AS 16.51.120 is not approved by eligible processors who together produce at least 51 percent  
12 of the value of seafood products produced in Alaska in the previous calendar year, the levy of  
13 the assessment is terminated December 31, 2004;

14 (9) if the retention of the levy of the seafood marketing assessment under  
15 AS 16.51.120 is approved by eligible processors who together produce at least 51 percent of  
16 the value of seafood products produced in Alaska in the previous calendar year and if the levy  
17 of the seafood marketing assessment under AS 16.51.120(h) is approved by eligible  
18 processors who together produce at least 51 percent of the value of seafood products produced  
19 in Alaska in the previous calendar year, the levy of the seafood marketing assessment under  
20 AS 16.51.120(h) takes effect January 1, 2005; and

21 (10) if the retention of the levy of the seafood marketing assessment under  
22 AS 16.51.120 is approved by eligible processors who together produce at least 51 percent of  
23 the value of seafood products produced in Alaska in the previous calendar year and if the levy  
24 of the seafood marketing assessment under AS 16.51.120(h) is not approved by eligible  
25 processors who together produce at least 51 percent of the value of seafood products produced  
26 in Alaska in the previous calendar year, the levy under AS 16.51.120 that is in effect on the  
27 day before the effective date of this section remains in effect until amended or terminated  
28 under AS 16.51.120 - 16.51.140.

29 (d) By November 1, 2004, the director of elections shall certify the results of an  
30 election under this section if the director determines that the requirements of (c) of this section  
31 have been satisfied. The director shall provide the certified results of the election to the

1 commissioner of revenue, the Alaska Seafood Marketing Institute, the lieutenant governor,  
2 and the revisor of statutes.

3 (e) Following the election conducted under this section, a seafood<sup>d</sup> marketing  
4 assessment may be approved, amended, or terminated in accordance with the procedures set  
5 out under AS 16.51.120 - 16.51.140, as amended by secs. 8 - 14 of this Act and under  
6 AS 16.51.150.

7 (f) For purposes of AS 16.51.120(a), the election held under this section shall be  
8 considered to be an election held under AS 16.51.140.

9 \* Sec. 21. The uncodified law of the State of Alaska is amended by adding a new section to  
10 read:

11 **TERMINATION OF THE SEAFOOD MARKETING ASSESSMENT.**

12 Notwithstanding AS 16.51.120 - 16.51.140, the seafood marketing assessment levied under  
13 AS 16.51.120 that is in effect on the day before the effective date of sec. 20 of this Act is  
14 terminated December 31, 2004.

15 \* Sec. 22. The uncodified law of the State of Alaska is amended by adding a new section to  
16 read:

17 **CONTINGENT EFFECT -- TERMINATION OF SEAFOOD MARKETING**  
18 **ASSESSMENT.** (a) Section 21 of this Act takes effect only if the director of elections  
19 certifies that the retention of the levy of the seafood marketing assessment under  
20 AS 16.51.120 is not approved by eligible processors who together produce at least 51 percent  
21 of the value of seafood products produced in Alaska in the previous calendar year at the  
22 election held under sec. 20 of this Act.

23 (b) Sections 3, 5, 7, and 19 of this Act take effect if the director of elections certifies  
24 that the retention of the levy of the seafood marketing assessment under AS 16.51.120 was  
25 not approved by eligible processors who together produce at least 51 percent of the value of  
26 seafood products produced in Alaska in the previous calendar year at the election held under  
27 sec. 20 of this Act.

28 \* Sec. 23. The uncodified law of the State of Alaska is amended by adding a new section to  
29 read:

30 **CONTINGENT EFFECT -- APPROVAL OF LEVY UNDER AS 16.51.120(h).** (a)  
31 Section 16 of this Act takes effect only if the director of elections certifies that the levy of the

1 seafood marketing assessment under AS 16.51.120(h) is approved by eligible processors who  
2 together produce at least 51 percent of the value of seafood products produced in Alaska in  
3 the previous calendar year at the election held under sec. 20 of this Act.

4 (b) Sections 1 and 15 of this Act take effect only if the director of elections certifies  
5 that the levy of the seafood marketing assessment under AS 16.51.120(h) is approved by  
6 eligible processors who together produce at least 51 percent of the value of seafood products  
7 produced in Alaska in the previous calendar year at the election held under sec. 20 of this Act.

8 \* Sec. 24. The uncodified law of the State of Alaska is amended by adding a new section to  
9 read:

10 CONTINGENT EFFECT -- DISAPPROVAL OF LEVY UNDER AS 16.51.120(h).  
11 Sections 3, 5, 7, and 19 of this Act take effect if the director of elections certifies that the levy  
12 of a seafood marketing assessment under AS 16.51.120(h) was not approved by eligible  
13 processors who together produce at least 51 percent of the value of seafood products produced  
14 in Alaska in the previous calendar year at the election held under sec. 20 of this Act.

15 \* Sec. 25. If sec. 16 of this Act takes effect under sec. 23 of this Act, it takes effect on the  
16 day after the director of elections certifies the result of the election held under sec. 20 of this  
17 Act.

18 \* Sec. 26. If secs. 1 and 15 of this Act take effect under sec. 23 of this Act, they take effect  
19 December 31, 2004.

20 \* Sec. 27. If secs. 3, 5, 7, and 19 of this Act take effect under sec. 22 or 24 of this Act, they  
21 take effect on the day after the director of elections certifies the result of the election held  
22 under sec. 20 of this Act.

23 \* Sec. 28. If sec. 21 of this Act takes effect under sec. 22 of this Act, it takes effect on the  
24 day after the director of elections certifies the result of the election held under sec. 20 of this  
25 Act.

26 \* Sec. 29. Except as provided in secs. 25 - 28 of this Act, this Act takes effect immediately  
27 under AS 01.10.070(c).

Adopted  
4.29.04

23-LS1366G  
Utermohle  
4/26/04

HOUSE CS FOR CS FOR SENATE BILL NO. 273( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATOR GARY STEVENS BY REQUEST OF THE JOINT LEGISLATIVE SALMON  
INDUSTRY TASK FORCE

A BILL

FOR AN ACT ENTITLED

1 "An Act amending the size, membership, and powers of the board of directors of the  
2 Alaska Seafood Marketing Institute and making a corresponding change in the quorum  
3 requirement; authorizing the establishment of the seafood marketing assessment at a  
4 rate of 0.5 percent or 0.6 percent of the value of seafood products produced; providing  
5 for an election to retain, terminate, or increase the seafood marketing assessment;  
6 providing for the repeal of the salmon marketing tax and provisions related to the  
7 salmon marketing tax; and providing for an effective date."

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

9 \* Section 1. AS 16.43.160(e)(2)(A)(ix) is amended to read:

10 (ix) Department of Revenue - fisheries business tax  
11 program, fishery resource landing tax program, salmon enhancement  
12 tax program, [SALMON MARKETING TAX PROGRAM,] and dive  
13 fishery management assessment program;

1 \* Sec. 2. AS 16.51.020(a) is amended to read:

2 (a) The governing body of the institute is a board of directors. The board  
3 consists of seven [25] voting members appointed by the governor. In making  
4 appointments to the board, the governor shall consider, but need not appoint, nominees  
5 presented by persons engaged in fish processing, the financing of fish processing, or  
6 commercial fishing.

7 \* Sec. 3. AS 16.51.020(a) is amended to read:

8 (a) The governing body of the institute is a board of directors. The board  
9 consists of nine [SEVEN] voting members appointed by the governor. In making  
10 appointments to the board, the governor shall consider, but need not appoint, nominees  
11 presented by persons engaged in fish processing, the financing of fish processing, or  
12 commercial fishing.

13 \* Sec. 4. AS 16.51.020(b) is amended to read:

14 (b) Five [TWELVE] members of the board shall be seafood processors: four  
15 [EIGHT] of the seafood processors must have an annual payroll in the state of more  
16 than \$2,500,000; one [FOUR] of the seafood processors must have an annual payroll  
17 in the state of \$50,000 - \$2,500,000. Two [TWELVE] members of the board must be  
18 engaged in commercial fishing. [THE GOVERNOR, TO THE EXTENT  
19 PRACTICABLE, SHALL APPOINT AS COMMERCIAL FISHING MEMBERS OF  
20 THE BOARD PERSONS ENGAGED IN COMMERCIAL FISHING IN A FISHERY  
21 MANAGEMENT REGION OF THE STATE IN THE SAME PROPORTION THAT  
22 THE REGION CONTRIBUTES, OR IS EXPECTED TO CONTRIBUTE DURING  
23 THE NEXT YEAR, TO THE TOTAL SALMON MARKETING TAX COLLECTED  
24 UNDER AS 43.76.110 - 43.76.130. ONE MEMBER OF THE BOARD SHALL BE A  
25 LAY PERSON SELECTED BY THE GOVERNOR.]

26 \* Sec. 5. AS 16.51.020(b) is amended to read:

27 (b) Five members of the board shall be seafood processors: four of the seafood  
28 processors must have an annual payroll in the state of more than \$2,500,000; one of  
29 the seafood processors must have an annual payroll in the state of \$50,000 -  
30 \$2,500,000. Four [TWO] members of the board must be engaged in commercial  
31 fishing.

1 \* Sec. 6. AS 16.51.050 is amended to read:

2           Sec. 16.51.050. Quorum. Four [FOURTEEN] members of the board  
3 appointed under AS 16.51.020 constitute a quorum for the transaction of business and  
4 the exercise of the powers and duties of the board.

5 \* Sec. 7. AS 16.51.050 is amended to read:

6           Sec. 16.51.050. Quorum. Five [FOUR] members of the board appointed  
7 under AS 16.51.020 constitute a quorum for the transaction of business and the  
8 exercise of the powers and duties of the board.

9 \* Sec. 8. AS 16.51.120(a) is amended to read:

10           (a) A seafood marketing assessment shall be levied on the value of seafood  
11 products produced in Alaska as provided in (b), (c), (d), [OR] (e), (h), or (i) of this  
12 section if an election is held under AS 16.51.140 at which the assessment is approved  
13 by eligible processors who together produce at least 51 percent of the value of seafood  
14 products produced in Alaska in the calendar year.

15 \* Sec. 9. AS 16.51.120(f) is amended to read:

16           (f) An election under (a) of this section shall be held if the proposed election  
17 for the levying of an assessment under (b), (c), (d), [OR] (e), (h), or (i) of this section  
18 is approved by a majority of the whole membership of the board at a regularly  
19 scheduled meeting.

20 \* Sec. 10. AS 16.51.120(g) is amended to read:

21           (g) Notwithstanding (a) - (e), (h), and (i) of this section and AS 16.51.150(c),  
22 a processor is not subject to, or liable for payment of, an assessment under this section  
23 on the value of the seafood products produced in Alaska if the value of seafood  
24 products produced in Alaska by the processor is less than \$50,000 in a calendar year.  
25 This subsection does not exempt a processor from liability for payment of taxes  
26 imposed under AS 43.75 or AS 43.77.

27 \* Sec. 11. AS 16.51.120 is amended by adding new subsections to read:

28           (h) Each processor shall pay a seafood marketing assessment of .5 percent of  
29 the value of seafood products produced in Alaska by the processor.

30           (i) Each processor shall pay a seafood marketing assessment of .6 percent of  
31 the value of seafood products produced in Alaska by the processor.

1 \* Sec. 12. AS 16.51.130(a) is amended to read:

2 (a) A seafood marketing assessment levied under AS 16.51.120(b), (c), (d),  
3 [OR] (e), (h), or (i) shall be terminated by the commissioner of revenue if

4 [(1)] an election is held under AS 16.51.140 in which the termination  
5 is approved by eligible processors who together produce at least 51 percent of the total  
6 value of seafood products produced in Alaska during the calendar year [; OR

7 (2) THE BOARD, AT A REGULARLY SCHEDULED MEETING,  
8 ADOPTS A RESOLUTION APPROVED BY TWO-THIRDS OF THE VOTING  
9 MEMBERSHIP OF THE BOARD REQUESTING THE COMMISSIONER OF  
10 REVENUE TO TERMINATE THE ASSESSMENT].

11 \* Sec. 13. AS 16.51.130(b) is amended to read:

12 (b) An election under (a) [(a)(1)] of this section shall be held if

13 (1) the proposed election for the termination of the assessment is  
14 approved by a majority of the whole membership of the board at a regularly scheduled  
15 meeting; or

16 (2) a petition is presented to the director of elections requesting  
17 termination of the assessment by eligible processors who together produce at least 25  
18 percent of the total value of seafood products produced in Alaska during the calendar  
19 year.

20 \* Sec. 14. AS 16.51.140(b) is amended to read:

21 (b) In conducting the election under this section, the institute and the director  
22 of elections shall adopt the following procedures:

23 (1) the proposed levy or termination of the assessment shall be adopted  
24 at a regularly scheduled meeting of the board of directors of the institute held not  
25 less than 60 days before the date on which the ballots must be postmarked to be  
26 counted unless the election is for termination of the assessment and has been initiated  
27 by a petition under AS 16.51.130(b)(2);

28 (2) the institute shall hold at least one meeting, not less than 30 days  
29 before the date on which ballots must be postmarked to be counted, to explain the  
30 reason for the proposed seafood marketing assessment or termination of the  
31 assessment and to explain the voting procedure to be used in the election; the institute

1 shall provide notice of the meeting by

2 (A) mailing the notice to each eligible processor; and

3 (B) publishing the notice in at least one newspaper of general  
4 circulation in each region of the state at least two weeks before the meeting;

5 (3) the director of elections [INSTITUTE] shall mail ballots to each  
6 eligible processor not more than 45 days before the date specified as the date ballots  
7 must be postmarked;

8 (4) the ballot must

9 (A) indicate whether the assessment is to be levied under  
10 AS 16.51.120(b), (c), (d), [OR] (e), (h), or (i) and must state the percentage of  
11 the assessment;

12 (B) indicate the effective date of the levy of the assessment or  
13 termination of the assessment;

14 (C) ask whether the assessment shall be levied or, if the  
15 election is to terminate the assessment, whether the assessment shall be  
16 terminated;

17 (5) the ballots shall be returned by mail to the director of elections  
18 and shall be counted by the director of elections or a representative.

19 \* Sec. 15. AS 37.05.146(c)(25) is amended to read:

20 (25) receipts from the seafood marketing assessment under  
21 AS 16.51.120 - 16.51.170 [, THE SALMON MARKETING TAX UNDER  
22 AS 43.76.110 - 43.76.130,] and [OTHER] receipts of the Alaska Seafood Marketing  
23 Institute;

24 \* Sec. 16. REPEAL OF SALMON MARKETING TAX. (a) Section 9, ch. 55, SLA 1993,  
25 as amended by sec. 1, ch. 111, SLA 1998, and sec. 3, ch. 136, SLA 2002, is amended to read:

26 Sec. 9. AS 43.76.110, 43.76.120, and 43.76.130 are repealed December 31,  
27 2004 [JUNE 30, 2008].

28 \* Sec. 17. REPEAL OF MISCELLANEOUS PROVISIONS RELATED TO THE  
29 SALMON MARKETING TAX. Sections 3, 8(c), and 12, ch. 55, SLA 1993, are repealed.

30 \* Sec. 18. The uncodified law of the State of Alaska is amended by adding a new section to  
31 read:

1           TRANSITION FOR MEMBERS OF THE BOARD OF DIRECTORS OF THE  
2 ALASKA SEAFOOD MARKETING INSTITUTE. (a) Notwithstanding AS 16.51.030, the  
3 terms of office of all persons who are serving as members of the board of directors of the  
4 Alaska Seafood Marketing Institute on the day before the effective date of sec. 2 of this Act  
5 expire on the effective date of sec. 2 of this Act.

6           (b) The governor shall appoint qualified persons to serve on the board of directors of  
7 the Alaska Seafood Marketing Institute, as restructured under AS 16.51.020, as amended by  
8 sec. 2 of this Act, as soon as practicable on or after the effective date of sec. 2 of this Act.  
9 The governor shall appoint persons to initial terms in accordance with AS 39.05.055(5). To  
10 the extent possible, the governor shall maintain staggered terms for members of each class of  
11 board members.

12       \* Sec. 19. The uncodified law of the State of Alaska is amended by adding a new section to  
13 read:

14           APPOINTMENT OF MEMBERS OF THE BOARD OF DIRECTORS OF THE  
15 ALASKA SEAFOOD MARKETING INSTITUTE FOLLOWING THE ELECTION HELD  
16 UNDER SECTION 20 OF THIS ACT. The governor shall appoint qualified persons to fill  
17 the two commercial fishermen memberships created on the board of directors of the Alaska  
18 Seafood Marketing Institute under AS 16.51.020, as amended by sec. 3 of this Act, as soon as  
19 practicable on or after the effective date of sec. 3 of this Act. The governor shall appoint the  
20 two commercial fisherman members to initial terms of one, two, or three years, as the  
21 governor determines appropriate to provide for staggered terms for the commercial fishermen  
22 members of the board.

23       \* Sec. 20. The uncodified law of the State of Alaska is amended by adding a new section to  
24 read:

25           SEAFOOD MARKETING ASSESSMENT; ELECTION. (a) Notwithstanding  
26 AS 16.51.120 - 16.51.170, the seafood marketing assessment that is in effect on the day  
27 before the effective date of this section shall remain in effect until December 31, 2004. After  
28 December 31, 2004, a levy of the seafood marketing assessment under AS 16.51.120 shall be  
29 retained, amended, or terminated in accordance with the results of the election held under this  
30 section by the Alaska Seafood Marketing Institute.

31           (b) Notwithstanding AS 16.51.120 - 16.51.140, the Alaska Seafood Marketing

1 Institute shall conduct an election under this section for the retention, termination, and  
2 amendment of the levy of the seafood marketing assessment under AS 16.51.120.

3 (c) In conducting the election under this section, the Alaska Seafood Marketing  
4 Institute and the director of elections shall adopt the following procedures:

5 (1) by August 1, 2004, the director of elections shall approve

6 (A) the notice of the election to be published by the institute;

7 (B) the ballot to be used in the election; and

8 (C) the registration and voting procedures for the election;

9 (2) the institute shall hold at least one meeting before September 1, 2004, to  
10 explain the reason for the election and to explain the voting procedure to be used in the  
11 election; the institute shall provide notice of the meeting by

12 (A) mailing the notice of the meeting to each eligible processor; and

13 (B) publishing the notice in at least one newspaper of general  
14 circulation in each region of the state at least two weeks before the meeting;

15 (3) the director of elections shall mail ballots to each eligible processor by  
16 September 15, 2004;

17 (4) the ballot must ask two questions as follows:

18 (A) the first ballot question must ask whether the seafood marketing  
19 assessment shall be retained; the ballot question must be written so that a yes vote is  
20 for retention of the levy of the seafood marketing assessment and a no vote is for  
21 termination of the levy of the seafood marketing assessment;

22 (B) the second ballot question must ask whether the seafood marketing  
23 assessment shall be levied under AS 16.51.120(h) at a rate of .5 percent of the value of  
24 seafood products produced in Alaska by a processor; the ballot question must be  
25 written so that a yes vote is for approval of the levy of the assessment under  
26 AS 16.51.120(h) and a no vote is for retention of the levy under AS 16.51.120 that is  
27 in effect on the day before the effective date of this section; the ballot must indicate  
28 that the effective date of the levy of the assessment under AS 16.51.120(h) is  
29 January 1, 2005, if the levy is approved;

30 (5) the ballots must be postmarked on or before October 1, 2004, and received  
31 by the director of elections on or before October 15, 2004, to be counted in the election;

1 (6) the ballots shall be returned by mail;

2 (7) the ballots shall be counted by the director of elections or the director's  
3 representative; the director or the director's representative, with the assistance of the  
4 commissioner of revenue, shall first determine whether the retention of the levy of the seafood  
5 marketing assessment is approved by eligible processors who together produce at least 51  
6 percent of the value of seafood products produced in Alaska in the previous calendar year;  
7 only if the retention of the levy of the assessment is approved, the director or the director's  
8 representative, with the assistance of the commissioner of revenue, shall determine the results  
9 of the voting on the second ballot question;

10 (8) if the retention of the levy of the seafood marketing assessment under  
11 AS 16.51.120 is not approved by eligible processors who together produce at least 51 percent  
12 of the value of seafood products produced in Alaska in the previous calendar year, the levy of  
13 the assessment is terminated December 31, 2004;

14 (9) if the retention of the levy of the seafood marketing assessment under  
15 AS 16.51.120 is approved by eligible processors who together produce at least 51 percent of  
16 the value of seafood products produced in Alaska in the previous calendar year and if the levy  
17 of the seafood marketing assessment under AS 16.51.120(h) is approved by eligible  
18 processors who together produce at least 51 percent of the value of seafood products produced  
19 in Alaska in the previous calendar year, the levy of the seafood marketing assessment under  
20 AS 16.51.120(h) takes effect January 1, 2005; and

21 (10) if the retention of the levy of the seafood marketing assessment under  
22 AS 16.51.120 is approved by eligible processors who together produce at least 51 percent of  
23 the value of seafood products produced in Alaska in the previous calendar year and if the levy  
24 of the seafood marketing assessment under AS 16.51.120(h) is not approved by eligible  
25 processors who together produce at least 51 percent of the value of seafood products produced  
26 in Alaska in the previous calendar year, the levy under AS 16.51.120 that is in effect on the  
27 day before the effective date of this section remains in effect until amended or terminated  
28 under AS 16.51.120 - 16.51.140.

29 (d) By November 1, 2004, the director of elections shall certify the results of an  
30 election under this section if the director determines that the requirements of (c) of this section  
31 have been satisfied. The director shall provide the certified results of the election to the

1 commissioner of revenue, the Alaska Seafood Marketing Institute, the lieutenant governor,  
2 and the revisor of statutes.

3 (e) Following the election conducted under this section, a seafood marketing  
4 assessment may be approved, amended or terminated in accordance with the procedures set  
5 out under AS 16.51.120 - 16.51.140, as amended by secs. 8 - 14 of this Act and under  
6 AS 16.51.150.

7 (f) For purposes of AS 16.51.120(a), the election held under this section shall be  
8 considered to be an election held under AS 16.51.140.

9 \* Sec. 21. The uncodified law of the State of Alaska is amended by adding a new section to  
10 read:

11 TERMINATION OF THE SEAFOOD MARKETING ASSESSMENT.

12 Notwithstanding AS 16.51.120 - 16.51.140, the seafood marketing assessment levied under  
13 AS 16.51.120 that is in effect on the day before the effective date of sec. 20 of this Act is  
14 terminated December 31, 2004.

15 \* Sec. 22. The uncodified law of the State of Alaska is amended by adding a new section to  
16 read:

17 CONTINGENT EFFECT -- TERMINATION OF SEAFOOD MARKETING  
18 ASSESSMENT. (a) Section 21 of this Act takes effect only if the director of elections  
19 certifies that the retention of the levy of the seafood marketing assessment under  
20 AS 16.51.120 is not approved by eligible processors who together produce at least 51 percent  
21 of the value of seafood products produced in Alaska in the previous calendar year at the  
22 election held under sec. 20 of this Act.

23 (b) Sections 3, 5, 7, and 19 of this Act take effect if the director of elections certifies  
24 that the retention of the levy of the seafood marketing assessment under AS 16.51.120 was  
25 not approved by eligible processors who together produce at least 51 percent of the value of  
26 seafood products produced in Alaska in the previous calendar year at the election held under  
27 sec. 20 of this Act.

28 \* Sec. 23. The uncodified law of the State of Alaska is amended by adding a new section to  
29 read:

30 CONTINGENT EFFECT -- APPROVAL OF LEVY UNDER AS 16.51.120(h). (a)  
31 Section 16 of this Act takes effect only if the director of elections certifies that the levy of the

1 seafood marketing assessment under AS 16.51.120(h) is approved by eligible processors who  
2 together produce at least 51 percent of the value of seafood products produced in Alaska in  
3 the previous calendar year at the election held under sec. 20 of this Act.

4 (b) Sections 1 and 15 of this Act take effect only if the director of elections certifies  
5 that the levy of the seafood marketing assessment under AS 16.51.120(h) is approved by  
6 eligible processors who together produce at least 51 percent of the value of seafood products  
7 produced in Alaska in the previous calendar year at the election held under sec. 20 of this Act.

8 \* Sec. 24. The uncodified law of the State of Alaska is amended by adding a new section to  
9 read:

10 CONTINGENT EFFECT -- DISAPPROVAL OF LEVY UNDER AS 16.51.120(h).  
11 Sections 3, 5, 7, and 19 of this Act take effect if the director of elections certifies that the levy  
12 of a seafood marketing assessment under AS 16.51.120(h) was not approved by eligible  
13 processors who together produce at least 51 percent of the value of seafood products produced  
14 in Alaska in the previous calendar year at the election held under sec. 20 of this Act.

15 \* Sec. 25. If sec. 16 of this Act takes effect under sec. 23 of this Act, it takes effect on the  
16 day after the director of elections certifies the result of the election held under sec. 20 of this  
17 Act.

18 \* Sec. 26. If secs. 1 and 15 of this Act take effect under sec. 23 of this Act, they take effect  
19 December 31, 2004.

20 \* Sec. 27. If secs. 3, 5, 7, and 19 of this Act take effect under sec. 22 or 24 of this Act, they  
21 take effect on the day after the director of elections certifies the result of the election held  
22 under sec. 20 of this Act.

23 \* Sec. 28. If sec. 21 of this Act takes effect under sec. 22 of this Act, it takes effect on the  
24 day after the director of elections certifies the result of the election held under sec. 20 of this  
25 Act.

26 \* Sec. 29. Except as provided in secs. 25 - 28 of this Act, this Act takes effect immediately  
27 under AS 01.10.070(c).

HCS FOR SB 273  
AMENDMENT #

"6"  
VERSION

PLAN A TOTAL

PAGE 2, LINE 3 (T) DELETE "SEVEN" INSERT ELEVEN > Total

PLAN B TOTAL

PAGE 2, LINE 9 (T) DELETE "NINE" INSERT THIRTEEN > Total

PLAN A SPUT

PAGE 2, LINE 14 (P) DELETE "FIVE" INSERT SEVEN processors

PAGE 2, LINE 14 (BP) DELETE "FOUR" INSERT FIVE big processors

PAGE 2, LINE 16 (SP) DELETE "ONE" INSERT TWO small processors

PAGE 2, LINE 17 (F) DELETE "TWO" INSERT FOUR fishermen

PLAN B CHANGE TO SPUT

PAGE 2, LINE 30 (F) DELETE "FOUR" INSERT SIX fishermen

PLAN A QUORUM

PAGE 3, LINE 2 (Q) DELETE "FOUR" INSERT SIX Quorum

PLAN B QUORUM

PAGE 3, LINE 6 (Q) DELETE "FIVE" INSERT SEVEN Quorum

SB 273		TOTAL	BIG PRO.	SMALL PRO.	FISHERNS
<del>CONSTITUTION</del>	IF Yes	7	4	1	2
	IF No	9	4	1	4
AMENDMENT	IF Yes	11	5	2	4
	IF No	13	5	2	6

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 4  
Bill Version: CSSB 273(FIN)  
(S) Publish Date: 3/24/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: OOG  
Title An Act relating to the Alaska Seafood RDU Elections  
Marketing Institute.... \_\_\_\_\_ Component Elections  
Sponsor Senator Gary Stevens  
Requester Senate Rules Committee Component No. 21

**Expenditures/Revenues (Thousands of Dollars)**

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual	0.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**CAPITAL EXPENDITURES**

**CHANGE IN REVENUES ( )**

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time					
Part-time					
Temporary					

**ANALYSIS:** (Attach a separate page if necessary)

The fiscal impact on the Division of Elections is estimated at zero based on CS SB273(FIN) as written.

Prepared by: Leonard G. Jones Phone 465-3051  
Division Division of Elections Date/Time 3/24/04 9:31 AM  
Approved by: Laura A. Glaiser, Director Date 3/24/2004  
Agency Office of the Lt. Governor, Division of Elections

	<b>Current Tax Structure (FY04 Budget)</b>	<b>CS SB 273 (If the .5% is approved)</b>	<b>CS SB 273 (If the .5% is not approved)</b>	<b>CS SB 273 (If the processors vote to eliminate their assessment)</b>
<b>Salmon Marketing Tax</b>	\$1,575,000	\$0	\$1,575,000	\$1,575,000
<b>Processors Assessment</b>	\$2,999,284	\$5,000,000	\$3,000,000	\$0
<b>Fed Funds from Fisheries Marketing Board</b>	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
<b>Size of the ASMI Board</b>	25	7	9	9
<b>Total</b>	<b>\$6,574,284</b>	<b>\$7,000,000</b>	<b>\$6,575,000</b>	<b>\$3,575,000</b>



## Alaska State Legislature

Senate Majority Web: <http://www.akrepublicans.org>

Sponsor: Senator Gary Stevens by Request Salmon Industry Task Force  
Current Version: CSSB 273 (FIN)  
Contact: Katrina Matheny 465-4713  
Date: March 24, 2004

### Fact Sheet for: Senate Bill 273

**Short Title:** ASMI Board/Seafood Taxes & Assessments

#### Summary:

- Changes the tax structure of the Alaska Seafood Marketing Institute.
- Reduces the ASMI board from 25 to either seven or nine members, depending on the outcome of an election.
- Requires an election in March for processors to vote on whether to
  - Eliminate the ASMI assessment
  - Retain the current .3 percent assessment
  - Increase the assessment to .5 percent
- If processors retain the .3 percent or eliminate the assessment, the 1 percent salmon harvester tax would be retained, and two more fisherman would be added to the ASMI board.
- If processors vote to increase to the .5 percent assessment, the 1 percent salmon marketing tax is repealed effective Dec. 31, 2005.

#### Benefits:

- Provides a stable funding source and more manageable board for ASMI.

#### Background:

The current tax structure levies a marketing tax of 1 percent on salmon harvesters and a voluntary .3 percent on processors. The Marketing/Quality Subcommittee of the Salmon Industry Task Force recommended a smaller board and changes to the tax structure.

Telephone Message for:

TO: Representative John Harris  
Representative Bill Williams  
Representative Kevin Meyer  
Representative Mike Chenault  
Representative Hugh Fate  
Representative Richard Foster  
Representative Mike Hawker  
Representative Eric Croft  
Representative Reggie Joule  
Representative Carl Moses

FROM: Gordon Jackson (calling from Washington, D.C. today)  
Chairman, Kake Tribal Corporation  
Member, ASMI Board

DATE: April 29, 2004

RE: SB 273 and the suggestion that the ASMI Board decreased to 15.  
Question: Where did the number 15 come from?

The proposed 15 member ASMI board came from unanimous vote by ASMI board of directors. 15 is also endorsed by Central Council Tlingit and Haida (by resolution) and Kake Tribal Corporation (by resolution) and Pelican Seafoods.

Gordon Jackson is currently the only Native member on the board representing a small processor. Kake owns two small processing plants, one in Kake and one in Pelican.

Without a larger pot to pick from, there will be no representation from rural Alaska on the ASMI board. It will come from Seattle Seven. This would take us back to 1959 when the canned salmon industry ruled marketing and processing from Seattle.

Thank you for your support. Please hold onto 15.

SESSION ADDRESS:  
Alaska State Capitol  
Juneau, Alaska 99801-1182  
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# Senator Gary Stevens

## Alaska State Legislature

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### SPONSOR STATEMENT – House CS for SB 273 (FSH)

*House CS for SB 273 (FSH), "An act amending the size, membership, and powers of the board of directors of the Alaska Seafood Marketing Institute (ASMI) and making a corresponding change in the quorum requirement; authorizing the establishment of the seafood marketing assessment at a rate of 0.5 percent or 0.6 percent of the value of seafood products produced; providing for an election to retain, terminate, or increase the seafood marketing assessment; providing for the repeal of the salmon marketing tax and provisions related to the salmon marketing tax".*

As Chair of the Marketing/Quality Subcommittee of the Salmon Industry Task Force, my main focus was to look at possible restructuring of the organization. The reoccurring theme that I heard over and over again was the need to reduce the size of the board to a more manageable level and provide a stable funding source for the agency. This bill addresses both of those concerns.

This legislation reduces the size of the ASMI Board from 25 to either seven or nine members, depending on the outcome of an election. The current tax structure levies a one percent tax on salmon harvesters and a voluntary .3 percent on processors for marketing. House CS for SB 273 (FSH) requires an election in March for processors to vote on whether to A) eliminate the ASMI assessment, B) retain the current .3 percent, or C) increase the assessment to .5 percent. If processors approve the .5 percent assessment, the one percent salmon marketing tax would be eliminated. If processors retain the .3 percent or eliminate the assessment, the one percent salmon harvester tax would be retained and two more fishermen would be added to the ASMI board.

Alaska needs a strong and adequately funded marketing organization in order to compete in the world marketplace and assist in revitalizing the industry. This bill is a step in that direction and I encourage you to support this important piece of legislation.

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
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STATE OF ALASKA

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
State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

March 11, 2004

**SUBJECT:** Sectional summary of draft CSSB 273( ), version E; An Act amending the size, membership, and powers of the board of directors of the Alaska Seafood Marketing Institute and making a corresponding change in the quorum requirement; authorizing the establishment of the seafood marketing assessment at a rate of 0.5 percent or 0.6 percent of the value of seafood products produced; providing for an election to retain, terminate, or increase the seafood marketing assessment; providing for the repeal of the salmon marketing tax and provisions related to the salmon marketing tax (Work Order No. 23-LS1366\E)

**TO:** Senator Gary Stevens  
Attn: Katrina Matheny

**FROM:** George Utermohle   
Legislative Counsel

You have requested a sectional summary of draft CSSB 273( ), version E; An Act amending the size, membership, and powers of the board of directors of the Alaska Seafood Marketing Institute and making a corresponding change in the quorum requirement; authorizing the establishment of the seafood marketing assessment at a rate of 0.5 percent or 0.6 percent of the value of seafood products produced; providing for an election to retain, terminate, or increase the seafood marketing assessment; providing for the repeal of the salmon marketing tax and provisions related to the salmon marketing tax.

As a preliminary matter, note that a sectional summary of a bill is not an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

The bill makes a number of changes to laws relating to the Alaska Seafood Marketing Institute and the salmon marketing tax. Some sections of the bill take effect immediately upon enactment of the bill. Other sections of the bill take effect based on the results of the election, regarding the seafood marketing assessment, that is held under sec. 20 of the bill. Some sections of the bill take effect if the seafood processors vote to terminate the seafood marketing assessment, some take effect if the seafood processors vote to retain the assessment but not to increase the assessment, and still others take effect if the seafood processors vote to retain and increase the assessment. Each of these sections of the bill are discussed in separate parts of this memorandum.

**PART I.** Sections 2, 4, 6, 8 - 14, 17, 18, and 20 of this bill take effect immediately under AS 01.10.070(c).

**Section 2** of the bill amends AS 16.51.020(a) to reduce the size of the board of directors of the Alaska Seafood Marketing Institute from 25 members to seven members.

**Section 4** of the bill amends AS 16.51.020(b) to provide that the seven members of the board of directors of the Alaska Seafood Marketing Institute shall consist of four members who are large seafood processors (annual payroll greater than \$2,500,000), one member who is a small processor (annual payroll of \$50,000 - \$2,500,000), and two members who are commercial fishermen. The lay member of the board has been eliminated.

**Section 6** of the bill amends AS 16.51.050 to provide that the quorum for the seven member board of directors of the Alaska Seafood Marketing Institute is four members.

**Sections 8 - 10** of the bill make technical changes to AS 16.51.120(a), (f), and (g), respectively, to conform to the addition of two new subsections to AS 16.51.120 by sec. 11 of the bill.

**Section 11** of the bill amends AS 16.51.120 by adding two new paragraphs, (h) and (i), to provide the option for seafood processors to approve the levy of a seafood marketing assessment at the rate of .5 percent and .6 percent of the value of seafood products produced in Alaska by each processor.

**Section 12** of the bill amends AS 16.51.130(a) to repeal the option for the board of directors of the Alaska Seafood Marketing Institute to terminate the seafood marketing assessment without holding an election among eligible processors and to conform to the addition of two new subsections to AS 16.51.120 by sec. 11 of the bill.

**Section 13** of the bill makes a technical amendment to AS 16.51.130(b) to conform to the repeal of the authority of the board of directors of the Alaska Seafood Marketing Institute to terminate the seafood marketing assessment without holding an election among eligible processors by sec. 12 of the bill.

**Section 14** of the bill makes a technical amendment to AS 16.51.140(b) to conform to the addition of two new subsections to AS 16.51.120 by sec. 11 of the bill.

**Section 17** of the bill repeals provisions that were to take effect upon the repeal or sunset of the salmon marketing tax. These provisions have become obsolete as a consequence of other amendments to the affected statutes and the changes made by this bill.

**Section 18** of the bill is a transitional provision providing for the immediate expiration of the terms of the current members of the board of directors of the Alaska Seafood

Marketing Institute and for the appointment of new members to the board.

Section 20 of the bill provides for an election to be held among seafood processors in the state in March - April 2005, as to whether the current seafood marketing assessment of .3 percent is to be retained, terminated, or increased to .5 percent. Many sections of the bill take effect or do not take effect based on the results of this election.

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PART II. Sections 3, 5, 7, 19, and 21 of the bill take effect under secs. 22, 27, and 28 of the bill, if at the election held under sec. 20 of the bill the seafood processors vote to terminate the current seafood marketing assessment. Each of these sections take effect on the day after the director of elections certifies the results of the election held under sec. 20 of the bill.

Section 3 of the bill amends AS 16.51.020(a), as amended by sec. 2 of this bill, to increase the size of the board of directors of the Alaska Seafood Marketing Institute from seven members to nine members.

Section 5 of the bill amends AS 16.51.020(b), as amended by sec. 4 of the bill, to provide that two new commercial fishing members are added to the board of directors of the Alaska Seafood Marketing Institute to bring the total number of members to nine.

Section 7 of the bill amends AS 16.51.050, as amended by sec. 6 of the bill, to provide that the quorum for the nine member board of directors of the Alaska Seafood Marketing Institute is five members.

Section 19 of the bill provides for the appointment of the two new commercial fishing members who are added to the board under secs. 3 and 5 of the bill.

Section 21 of the bill provides for the termination of the current seafood marketing assessment on December 31, 2005, to coincide with the end of the tax and calendar years.

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PART III. Sections 3, 5, 7, and 19 of the bill, described above, can also take effect under secs. 24 and 27 of the bill, if at the election held under sec. 20 of the bill the seafood processors vote to retain the current seafood marketing assessment but do not vote to increase the assessment from .3 percent to .5 percent. Each of these sections take effect on the day after the director of elections certifies the results of the election held under sec. 20 of the bill.

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PART IV. Sections 1, 15, and 16 of the bill take effect under secs. 23, 25, and 26, only

Senator Gary Stevens

March 11, 2004

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if at the election held under sec. 20 of the bill the seafood processors vote to retain the current seafood marketing assessment and to increase the assessment from .3 percent to .5 percent.

Sections 1 and 15 of the bill make technical changes to AS 16.43.160(e)(2)(A)(ix) and AS 37.05.146(c)(25), respectively, to conform to the repeal of the salmon marketing tax under sec. 16 of the bill. These sections take effect on December 31, 2005, which is the date on which the salmon marketing tax is repealed.

Section 16 of the bill repeals the salmon marketing tax under AS 43.76.110 - 43.76.130 on December 31, 2005. This section takes effect on the day after the director of elections certifies the results of the election held under sec. 20 of the bill.

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PART V. Sections 22 - 29 of the bill are the contingent effect and effective date sections for the bill.

Sections 22, 27, and 28 of the bill are the contingent effect and effective date sections for secs. 3, 5, 7, 19, and 21 of the bill to provide that those sections take effect if the seafood processors vote to terminate the current seafood marketing assessment at the election held under sec. 20 of the bill.

Sections 23, 25, and 26 of the bill are the contingent effect and effective date sections for secs. 1, 15, and 16 of the bill to provide that these sections take effect only if the seafood processors vote to retain the current seafood marketing assessment and also vote to increase the assessment from .3 percent to .5 percent at the election held under sec. 20 of the bill.

Sections 24 and 27 of the bill are the contingent effect and effective dates for secs. 3, 5, 7, and 19 of the bill to provide that those sections take effect if the seafood processors vote to retain the current seafood marketing assessment but do not vote to increase the assessment from .3 percent to .5 percent.

Section 28 of the bill provides that secs. 2, 4, 6, 8 - 14, 17, 18, and 20 of the bill take effect immediately under AS 01.10.070(c).

If I may be of further assistance, please advise.

GU:meu  
04-285.med

March 3, 2004

Senator Gary Stevens  
Alaska State Legislature  
State Capitol, Room 417  
Juneau, AK 99801-1182

Dear Senator Gary Stevens;

We read with dismay how SB 273 has become a political football and field of compromise.

We all know that ASMI has played a vital role in helping our fishing industry in Alaska maintain a respectable presence in world seafood markets.

The mission statement of the Alaska Seafood Marketing Institute: *"To increase the worldwide consumption of Alaska Seafood and promote the quality and superiority of Alaska seafood products."* Has been the only consistent shot heard around the world as a message that Alaska even had quality seafood's for sale. We can't let our loose morals affect the effectiveness of ASMI to continue to carry on our fisheries resource marketing business.

We should be doing everything to build up ASMI and not break the organization down. There is no company or organization that can match the outreach that ASMI has accomplished for our fishermen. We agree that the organizational structure should be reviewed from time to time to reflect the changing industry and markets, costs/benefits, but to legislatively place a strangle hold on an entity just because it can be done legislatively is no way to do business.

Again, we recommend looking at reducing the ASMI Board to (15) members, and ask the ASMI organization to produce a long term strategic plan that will address our changing commercial fishing industry.

However, one thing we have always experienced in our rural Alaska communities is that when State legislators take it upon themselves to divide up programs, rural S.E. Alaska is always left high and dry. We therefore propose that any Southeast Regional Marketing Association be organized and managed by the Southeast Intertribal Fish and Wildlife Commission and the Southeast Conference. If you have any questions please call me at 463-7121 or [e-mailgjackson@ccthita.org](mailto:e-mailgjackson@ccthita.org)

Sincerely



Feb 18, 2003

Dear Senator Gary Stevens;

Senate Bill 273 sections 1-3 should reflect the true makeup of the Alaska seafood industry. However, In regard to the composition of the board we do agree it should be smaller but the number nine is far too small. We say this because of the huge number of stakeholders we have throughout Alaska that still make their living from this industry. Over the last several years we witnessed the positive outreach that the ASMI board has accomplished and our fishermen count on ASMI's leadership role in representing our fishermen and support on many issues relating to the fishing industry. We would lose this capability with a very small 9 member board.

We are proposing a 15 member board which at least will provide for appointments for smaller processors and fishing communities throughout Alaska. In addition, the proposed tax portion of SB 273 will probably pass with little or no representation from the stakeholders in rural Alaska who pay for part of it.

Over the last two decades we have seen tremendous change in the industry. Large processors have left rural communities and dropped village fishermen, particularly the past few years. In many villages, the industry that was such a part of their lives no longer exists or is barely alive. Now our rural fishermen and the seafood industry are faced with supporting a tax and composition of this board that may have no participation from Village Alaska but take their tax. This is wrong and we recommend that our State Legislators approve our position of a 15 member ASMI board. At least this number would provide a policy-making voice for village stakeholders and other groups that will find themselves "left out" under the current number.

Thank you for considering our recommendations on SB 273. I can be contacted at 723-0260 or contact my staff member, Don Bremner at 463-7341 for any questions you may have.

Sincerely,

Matt Kookesh, Chair  
S.E. Alaska inter-tribal Fish and Wildlife Commission

Cc/ Alaska Senate  
Gordon Jackson, Manager, Business and Economic Development