

**HB**

**419**

SFIN

FILE

# SENATE FINANCE COMMITTEE REPORT

DATE: 04/28/04

FURTHER:

REPORTED OUT  
MAY 04 2004  
SENATE FINANCE  
COMMITTEE

DATE TURNED IN TO OFFICE: 4 May 2004

Finance Committee considered CS FOR HOUSE BILL NO. 419 (RES)

## HB 419 REGIONAL SEAFOOD DEVELOPMENT ASS'NS./TAX

"An Act relating to regional seafood development associations and to regional seafood development taxes."

and recommends:

- be replaced with S CS HB 419 (FIN)
- adopt previous 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 Change  
 New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero.	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
DCED	2/19/04			✓	#1
Rev	2/19/04		*		#2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	NO REC	AMEND
<i>Paul Bryant</i>	✓			
<i>John Hoff</i>	✓			
<i>Bob Brundage</i>	✓			
COCHAIR: <i>Luba Green</i>			✓	
COCHAIR: <i>W. Campbell</i>	✓			

MAY 04 2004

SENATE FINANCE  
COMMITTEE

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: CSHB 419(EDT)  
(H) Publish Date: 2/26/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DCED  
Title Regional Seafood Development RDU Executive Admin & Dev (119)  
Associations/Tax Component Office of Economic Development  
Sponsor Ogg by Request Salmon Task Force  
Requester House Econ Dev. Int'l. Trade & Tourism Component No. 2743

**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>

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

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1175 Other Business License Receipts						
<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)

This legislation would require the department to approve regional seafood development associations and certify elections.

The bill provides for the formation of up to 12 associations. The department would be required to review the applications and approve the organization. Four associations are estimated to apply in the first year and two in the second year. The department would also be required to provide support for and certify election results conducted by the associations.

No new funds are required to implement the provisions of this legislation.

Prepared by: Albert H. Clough, Deputy Commissioner Phone (907) 465-2500  
Division Office of Economic Development Date/Time 2/19/04 4:20 PM  
Approved by: Edgar Blatchford, Commissioner Date 2/19/2004  
Agency Department of Community & Economic Development

MAY 04 2004

SENATE FINANCE  
COMMITTEE

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSHB 419(EDT)  
(H) Publish Date: 2/26/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title Regional Seafood Development RDU Revenue Programs & Services  
Assn's/Tax Component Tax Division  
Sponsor Rep. Ogg, JT Salmon Task Force  
Requester House Econ Dev, Trade & Tourism 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>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>
-------------------------------	-----------	-----------	-----------	-----------	-----------	-----------

**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>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</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

Prepared by: Chuck Harlamert  
Division: Tax Division  
Approved by: Steve Porter, Deputy Commissioner  
Agency: Department of Revenue

Phone 465-2320  
Date/Time 2/8/04 4:19 PM  
Date 2/8/2004

FISCAL NOTE #2

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. CSHB 419(EDT)

ANALYSIS CONTINUATION

Costs & Revenues

The bill authorizes, but does not immediately impose, an indeterminate number of unique seafood development taxes. The department therefore cannot project expected revenues under the bill. We are unable to independently provide estimates for hypothetical levies because, with the exception of dive fisheries, we do not collect data by gear type.

The bill allows a great deal of flexibility to establish individual seafood development taxes. Separate taxes can be established by species and gear type, or varied combinations within each region. Although the bill authorizes hundreds of distinct levies, we believe that relatively few will be established. We are unable to offer an estimate of program costs at this time. As a general guideline, we estimate that up to a half dozen levies can be administered with existing staff. This assumes that the number of buyers involved is moderate, there is no requirement to maintain separate records for individual fisheries or species within each levy, and that the levies remain stable.

Frequent changes in rates, changes to the fisheries included within levies, an increased number of distinct levies, detailed accounting requirements, or unpredictable creation and termination of levies will require additional resources and, at some point, appropriately sophisticated systems.

SENATE FINANCE  
COMMITTEE #1  
Amendment Number: #1  
Bill Number: HB 419  
Sponsor: Wilken Date: 5/4/04  
Logged In By: Mindy

ADOPTED

23-LS1418V.2  
Utermohle  
4/30/04

AMENDMENT

OFFERED IN THE SENATE  
TO: CSHB 419(RES)

Sponsored by  
Sen. Wilken by request

- 1 Page 4, line 3, following "fishery":
- 2       Insert ", or is amended or terminated,"
- 3
- 4 Page 4, line 7, following "section;":
- 5       Insert
- 6                       "(2) .at least 30 percent of the eligible interim-use permit and entry
- 7       permit holders in the fishery cast a ballot in the election to levy, amend, or terminate
- 8       the tax;"
- 9
- 10 Page 4, line 8:
- 11       Delete "(2)"
- 12       Insert "(3)"
- 13
- 14 Page 5, line 19:
- 15       Delete "(a) and (c)"
- 16       Insert "(a) - (c)"
- 17
- 18 Page 6, line 10:
- 19       Delete "(a), (c), and (d)"
- 20       Insert "(a) - (d)"
- 21
- 22 Page 6, lines 21 - 22:
- 23       Delete "upon majority vote at an election held under AS 43.76.370."

1           Insert "upon majority vote of eligible permit holders who vote in an election held  
2 under AS 43.76.370 in which at least 30 percent of the eligible permit holders cast a ballot."

3

4 Page 7, line 8, following "tax;"

5           Insert

6                               "(4) at least 30 percent of the permit holders who are eligible to vote in  
7 the election cast a ballot in the election;"

8

9 Page 7, line 9:

10          Delete "(4)"

11          Insert "(5)"

SENATE FINANCE COMMITTEE  
5/4/2004 COMMITTEE ACTION

Bill Number	HB 419		
Amendment	#1		
Motion	to adopt		
<u>Motion by</u>	Wilken		
<u>Objection by</u>	Wilken		
<u>Removed</u>	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Olson			
Senator Stevens			
Senator Bunde			
Senator Dyson			
Senator Hoffman			
Co-Chair Green			
Co-Chair Wilken			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	ADOPTED		

Attention: Sheila

Of Senator Wilken's office

RE: SCS CS HB 419 (FIN)

Date: 5/5/04 Time: 8:40 AM

The attached Senate Finance CS incorporates the amendment(s) your boss sponsored. Please review and approve so the bill can be forwarded to the Senate Secretary.

The CS is your copy.

Thanks,  
Senate Finance Secretary

Mindy #4935

Robin #2618

Approved: \_\_\_\_\_

(please initial)

Return ASAP

*Amendment*

*#1*

*A-OK*

*[Signature]*

SENATE CS FOR CS FOR HOUSE BILL NO. 419(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVE OGG BY REQUEST OF THE JOINT LEGISLATIVE SALMON  
INDUSTRY TASK FORCE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to regional seafood development associations and to regional seafood  
2 development taxes."

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

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

5 (iii) Department of Community and Economic  
6 Development - commercial fishing loan program, Alaska Seafood  
7 Marketing Institute, regional seafood development program, and  
8 community development quota program;

9 \* Sec. 2. 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, seafood development tax program, salmon marketing  
13 tax program, and dive fishery management assessment program;

14 \* Sec. 3. AS 43.76 is amended by adding new sections to read:

**Article 6. Seafood Development Tax.**

1  
2           **Sec. 43.76.350. Two percent seafood development tax.** (a) A person  
3 holding a limited entry permit or interim-use permit under AS 16.43 shall pay a  
4 seafood development tax at the rate of two percent of the value, as defined in  
5 AS 43.75.290, of fishery resources taken in a fishery that the person removes from the  
6 state or transfers to a buyer in the state.

7           (b) A two percent seafood development tax on fishery resources taken in a  
8 fishery may only be levied and collected under (a) of this section if

9                   (1) the commissioner of community and economic development has  
10 designated an organization to be the qualified regional seafood development  
11 association for the seafood development region in which the fishery occurs; and

12                   (2) the two percent seafood development tax for the fishery is  
13 approved under AS 43.76.370.

14           **Sec. 43.76.355. One and one-half percent seafood development tax.** (a) A  
15 person holding a limited entry permit or interim-use permit under AS 16.43 shall pay a  
16 seafood development tax at the rate of 1.5 percent of the value, as defined in  
17 AS 43.75.290, of fishery resources taken in a fishery that the person removes from the  
18 state or transfers to a buyer in the state.

19           (b) A 1.5 percent seafood development tax on fishery resources taken in a  
20 fishery may only be levied and collected under (a) of this section if

21                   (1) the commissioner of community and economic development has  
22 designated an organization to be the qualified regional seafood development  
23 association for the seafood development region in which the fishery occurs; and

24                   (2) the 1.5 percent seafood development tax for the fishery is approved  
25 under AS 43.76.370.

26           **Sec. 43.76.360. One percent seafood development tax.** (a) A person  
27 holding a limited entry permit or interim-use permit under AS 16.43 shall pay a  
28 seafood development tax at the rate of one percent of the value, as defined in  
29 AS 43.75.290, of fishery resources taken in a fishery that the person removes from the  
30 state or transfers to a buyer in the state.

31           (b) A one percent seafood development tax on fishery resources taken in a

1 fishery may only be levied and collected under (a) of this section if

2 (1) the commissioner of community and economic development has  
3 designated an organization to be the qualified regional seafood development  
4 association for the seafood development region in which the fishery occurs; and

5 (2) the one percent seafood development tax for the fishery is  
6 approved under AS 43.76.370.

7 **Sec. 43.76.365. One-half percent seafood development tax.** (a) A person  
8 holding a limited entry permit or interim-use permit under AS 16.43 shall pay a  
9 seafood development tax at the rate of 0.5 percent of the value, as defined in  
10 AS 43.75.290, of fishery resources taken in a fishery that the person removes from the  
11 state or transfers to a buyer in the state.

12 (b) A 0.5 percent seafood development tax on fishery resources taken in a  
13 fishery may only be levied or collected under (a) of this section if

14 (1) the commissioner of community and economic development has  
15 designated an organization to be the qualified regional seafood development  
16 association for the seafood development region in which the fishery occurs; and

17 (2) the 0.5 percent seafood development tax for the fishery is approved  
18 under AS 43.76.370.

19 **Sec. 43.76.370. Election to approve, amend, or terminate seafood**  
20 **development tax.** (a) A qualified regional seafood development association for a  
21 seafood development region may conduct an election under this section to approve,  
22 amend, or terminate a seafood development tax in one or more fisheries in a seafood  
23 development region after

24 (1) the association pays a fee of \$500 for each fishery in which an  
25 election is held; and

26 (2) the commissioner of community and economic development  
27 approves

28 (A) the notice to be published by the qualified regional seafood  
29 development association;

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

31 (C) the registration and voting procedure for the approval,

1 amendment, or termination of the seafood development tax.

2 (b) The seafood development tax is levied under AS 43.76.350, 43.76.355,  
3 43.76.360, or 43.76.365 on fishery resources taken in a fishery, or is amended or  
4 terminated, on the effective date stated on the ballot if

5 (1) the levy, amendment, or termination of the tax is approved by a  
6 majority vote of the eligible interim-use permit and entry permit holders in the fishery  
7 who vote in an election held under this section;

8 (2) at least 30 percent of the eligible interim-use permit and entry  
9 permit holders in the fishery cast a ballot in the election to levy, amend, or terminate  
10 the tax; and

11 (3) the election results are certified by the commissioner of community  
12 and economic development under (d) of this section.

13 (c) In conducting an election under this section, the qualified regional seafood  
14 development association shall adopt the following procedures:

15 (1) the association shall hold at least one public meeting, not less than  
16 30 days before the date on which ballots must be postmarked to be counted in the  
17 election, to explain the reason for the proposed seafood development tax, the  
18 amendment of the tax, or the termination of the tax and to explain the registration and  
19 voting procedure to be used in the election; the association shall provide notice of the  
20 meeting by

21 (A) mailing the notice to each eligible interim-use permit and  
22 entry permit holder;

23 (B) posting the notice in at least three public places in the  
24 seafood development region in which the fishery occurs; and

25 (C) publishing the notice in at least one newspaper of general  
26 circulation in the region at least once a week for two consecutive weeks before  
27 the meeting;

28 (2) the association shall mail two ballots to each eligible interim-use  
29 permit and entry permit holder; the first ballot shall be mailed not more than 45 days  
30 before the date ballots must be postmarked to be counted in the election; the second  
31 ballot shall be mailed not less than 15 days before the date ballots must be postmarked

#(

1 to be counted in the election; the association shall adopt procedures to ensure that only  
 2 one ballot from each eligible interim-use permit and entry permit holder is counted in  
 3 the election;

4 (3) the ballot must

5 (A) indicate whether the election relates to a seafood  
 6 development tax under AS 43.76.350, 43.76.355, 43.76.360, or 43.76.365;

7 (B) indicate the fishery that is or will be subject to the seafood  
 8 development tax to be levied or amended;

9 (C) ask the question whether the seafood development tax shall  
 10 be levied or amended, as appropriate;

11 (D) indicate the geographic boundaries of the seafood  
 12 development region in which the seafood development tax will be levied;

13 (E) provide an effective date for the levy or amendment of the  
 14 seafood development tax in the fishery; and

15 (F) indicate the date on which returned ballots must be  
 16 postmarked in order to be counted;

17 (4) the ballots shall be returned by mail and shall be counted by the  
 18 commissioner of community and economic development or by a person approved by  
 19 the commissioner of community and economic development.

20 (d) The commissioner of community and economic development shall certify  
 21 the results of an election under this section if the commissioner determines that the  
 22 requirements of (a) - (c) of this section have been satisfied.

23 (e) The rate of the seafood development tax levied in a seafood development  
 24 region shall be uniform for all fisheries and fishery resources in the region.

25 (f) If a seafood development tax has not been levied on a fishery resource in a  
 26 seafood development region, the initial tax levied in any fishery in the region may be  
 27 set at a rate set under AS 43.76.350, 43.76.355, 43.76.360, or 43.76.365 in accordance  
 28 with procedures set out in this section. If a seafood development tax is currently  
 29 levied on fishery resources in any fishery in a seafood development region, an election  
 30 to approve the initial levy of a seafood development tax in another fishery in the  
 31 region shall be for a levy of the tax at the current rate in the region. The election to

1 approve the levy of a seafood development tax within a fishery shall be conducted  
2 among the eligible interim-use permit and entry permit holders in the fishery.

3 (g) An election to amend the current rate of the seafood development tax  
4 within a seafood development region shall be conducted among the eligible interim-  
5 use permit holders and entry permit holders in each fishery within the region that has  
6 approved the levy of the tax under this section. In an election to amend the current  
7 rate of the seafood development tax within a region, a person shall receive, and may  
8 cast and have counted, a separate ballot for each fishery in the seafood development  
9 region that is subject to the tax for which the person is an eligible interim-use permit  
10 or entry permit holder.

11 (h) Except as provided in AS 43.76.375, an election to terminate a seafood  
12 development tax within one or more fisheries in a seafood development region shall be  
13 conducted under the same procedures established under (a) - (d) of this section for an #1  
14 election to approve or amend a seafood development tax.

15 (i) In this section, "eligible interim-use permit and entry permit holder" means  
16 an individual who, 90 days before the date ballots must be postmarked to be counted  
17 in an election under this section, is listed in the records of the Alaska Commercial  
18 Fisheries Entry Commission as the legal owner of an interim-use permit or an entry  
19 permit that authorizes the individual to operate commercial fishing gear in the fishery  
20 that is or will be subject to the seafood development tax that is the subject of the  
21 election.

22 **Sec. 43.76.375. Termination of seafood development tax.** (a) The seafood  
23 development tax levied under AS 43.76.350, 43.76.355, 43.76.360, or 43.76.365 may  
24 be terminated by the commissioner of revenue upon majority vote of eligible permit  
25 holders who vote in an election held under AS 43.76.370 in which at least 30 percent #1  
26 of the eligible permit holders cast a ballot. The seafood development tax may be  
27 terminated in one or more fisheries within a seafood development region under this  
28 section.

29 (b) The commissioner of revenue shall terminate a seafood development tax  
30 under (a) of this section following an election conducted by the qualified seafood  
31 development association for the seafood development region if

1 (1) a petition is presented to the commissioner of community and  
 2 economic development requesting termination of the seafood development tax in a  
 3 fishery that is signed by at least 10 percent of the number of persons who are eligible  
 4 to vote in an election under AS 43.76.370 to approve the levy of the seafood  
 5 development tax in the fishery;

6 (2) an election is held in accordance with AS 43.76.370; the ballot  
 7 must ask the question whether the seafood development tax for the fishery shall be  
 8 terminated; the ballot must be worded so that a "yes" vote is for continuation of the  
 9 seafood development tax and a "no" vote is for termination of the seafood  
 10 development tax;

11 (3) a majority of the votes cast in the election by eligible interim-use  
 12 permit and entry permit holders are for the termination of the seafood development  
 13 tax;

14 (4) at least 30 percent of the permit holders who are eligible to vote in  
 15 the election cast a ballot in the election; and

16 (5) the qualified regional seafood development association for the  
 17 fishery provides notice of the election in accordance with AS 43.76.370 within two  
 18 months after receiving notice from the commissioner of community and economic  
 19 development that a valid petition under (1) of this subsection has been received.

20 **Sec. 43.76.380. Liability for tax on fishery resources sold to a buyer.** (a)  
 21 Except as provided under (c) of this section, a buyer who acquires a fishery resource  
 22 that is subject to a seafood development tax levied under AS 43.76.350, 43.76.355,  
 23 43.76.360, or 43.76.365 shall collect the seafood development tax at the time of  
 24 purchase, and shall remit the total tax collected during each month to the department  
 25 by the last day of the next month.

26 (b) A buyer who collects the seafood development tax shall

27 (1) maintain records reflecting the fishery in which the fishery resource  
 28 was caught; and

29 (2) report to the Department of Revenue by March 1 of each year the  
 30 total value, as defined in AS 43.75.290, of the fishery resources caught in each fishery  
 31 that the buyer has acquired during the preceding year.

1 (c) A commercial fisherman who transfers possession of a fishery resource to  
2 a buyer who is not a fisheries business licensed under AS 43.75 is liable for the  
3 payment of a seafood development tax levied under AS 43.76.350, 45.76.355,  
4 43.76.360, or 43.76.365 if, at the time possession of the fishery resource is transferred  
5 to a buyer, the seafood development tax payable on the fishery resource has not been  
6 collected. If a commercial fisherman is liable for payment of the seafood development  
7 tax under this subsection, the commercial fisherman shall comply with the  
8 requirements under (b) of this section to maintain records and to make reports to the  
9 Department of Revenue. Notwithstanding (a) of this section, a person subject to this  
10 subsection shall remit the total seafood development tax payable during the calendar  
11 year to the Department of Revenue before April 1 after close of the calendar year.

12 (d) The Department of Revenue shall deposit the seafood development tax  
13 collected under AS 43.76.350 - 43.76.399 in the general fund. The legislature may  
14 make appropriations based on this revenue to the Department of Community and  
15 Economic Development for the purpose of providing financing for qualified regional  
16 seafood development associations.

17 **Sec. 43.76.385. Liability for tax on fishery resources shipped from the**  
18 **state.** (a) The owner of fishery resources removed from the state is liable for payment  
19 of a seafood development tax levied under AS 43.76.350, 43.76.355, 43.76.360, or  
20 43.76.365 if, at the time the fishery resources are removed from the state, the seafood  
21 development tax payable on the fishery resources has not been collected by a buyer.

22 (b) If the owner of fishery resources is liable for payment of the seafood  
23 development tax under (a) of this section, the owner shall comply with the  
24 requirement of AS 43.76.380(b) to report the owner's liability for payment of the tax.

25 **Sec. 43.76.390. Exemption.** AS 43.76.350 - 43.76.399 do not apply to  
26 salmon harvested under a special harvest area entry permit issued under AS 16.43.400.

27 **Sec. 43.76.399. Definition.** In AS 43.76.350 - 43.76.399, unless the context  
28 otherwise requires,

29 (1) "buyer" means a person who acquires possession of fishery  
30 resources from the person who caught the fishery resources regardless of whether  
31 there is an actual sale of the fishery resources but excluding a transfer to a person

1 engaged solely in interstate transportation of goods for hire;

2 (2) "fishery" has the meaning given in AS 16.43.990.

3 \* Sec. 4. AS 44.33 is amended by adding a new section to read:

4 **Sec. 44.33.065. Regional seafood development associations.** (a) The  
5 Department of Community and Economic Development shall assist in and encourage  
6 the formation of a qualified regional seafood development association for each  
7 seafood development region identified in (b) of this section for the purpose of  
8 promoting and marketing Alaska seafood products harvested in the region. The  
9 commissioner shall designate the first organization to apply and qualify under this  
10 subsection for recognition as the qualified association for a region to be the qualified  
11 regional seafood development association for that seafood development region if the  
12 commissioner determines that the organization

13 (1) is established for the following purposes:

14 (A) promotion of seafood and seafood by-products that are  
15 harvested in the region and processed for sale;

16 (B) promotion of improvements to the commercial fishing  
17 industry and infrastructure in the seafood development region;

18 (C) establishment of education, research, advertising, or sales  
19 promotion programs for seafood products harvested in the region;

20 (D) preparation of market research and product development  
21 plans for the promotion of seafood and their by-products that are harvested in  
22 the region and processed for sale;

23 (E) cooperation with the Alaska Seafood Marketing Institute  
24 and other public or private boards, organizations, or agencies engaged in work  
25 or activities similar to the work of the organization including entering into  
26 contracts for joint programs of consumer education, sales promotion, quality  
27 control, advertising, and research in the production, processing, or distribution  
28 of seafood harvested in the region;

29 (F) cooperation with commercial fishermen, fishermen's  
30 organizations, seafood processors, the Alaska Fisheries Development  
31 Foundation, the Fisheries Industrial Technology Center, state and federal

1 agencies, and other relevant persons and entities to investigate market  
2 reception to new seafood product forms and to develop commodity standards  
3 and future markets for seafood products;

4 (2) provides for representation of commercial fishing permit holders  
5 for each fishery in the region that is subject to a seafood development tax levied under  
6 AS 43.76.350 - 43.76.399 on the board of directors of the organization;

7 (3) provides for membership in the organization by any commercial  
8 fisherman who holds a commercial fishing permit for a fishery that is conducted in the  
9 region and by other persons and groups in the region who wish to be members of the  
10 organization; and

11 (4) is organized as a nonprofit corporation under the laws of the state  
12 for the purpose of marketing and promoting seafood products taken in the region and  
13 seafood products taken in fisheries subject to a seafood development tax levied under  
14 AS 43.76.350 - 43.76.399.

15 (b) Seafood development regions are established for each of the following  
16 regions of the state and are made up of the designated commercial fishing  
17 management areas established by the Board of Fisheries in accordance with the  
18 boundaries of those areas as adopted by the Board of Fisheries:

19 (1) Southeast Alaska seafood development region -- Southeastern  
20 Alaska area and Yakutat area;

21 (2) Prince William Sound seafood development region -- Prince  
22 William Sound area;

23 (3) Cook Inlet seafood development region -- Cook Inlet area;

24 (4) Kodiak seafood development region -- Kodiak area;

25 (5) Alaska Peninsula seafood development region -- Alaska Peninsula  
26 area;

27 (6) Aleutian Islands seafood development region -- Aleutian Islands  
28 area;

29 (7) Chignik seafood development region -- Chignik area;

30 (8) Atka-Amlia Islands seafood development region -- Atka-Amlia  
31 Islands area;

1 (9) Bristol Bay seafood development region -- Bristol Bay area:

2 (10) Kuskokwim seafood development region -- Kuskokwim area;

3 (11) Yukon-Northern seafood development region -- Yukon-Northern  
4 area and Kotzebue area;

5 (12) Norton Sound-Port Clarence seafood development region --  
6 Norton Sound-Port Clarence area.

7 (c) An organization may be designated as the qualified regional seafood  
8 development association for more than one seafood development region.

9 (d) A qualified regional seafood development association for a fishery may  
10 request state financial assistance from the department to aid the seafood development  
11 programs of the association.

12 (e) A qualified regional seafood development association requesting state  
13 financial assistance shall submit an annual financial report to the department on a form  
14 provided by the department. The department may require that a qualified regional  
15 seafood development association use a uniform system of accounting. A qualified  
16 regional seafood development association requesting state assistance shall submit an  
17 annual budget to the department on or before a date specified by the department.

18 (f) The department may adopt regulations necessary to implement this section.

19 (g) In this section, "fishery" has the meaning given in AS 16.45.990.



Committee Assignments:

Member:

House Special Committee on Fisheries  
House Special Committee on Education  
House Transportation Committee  
House Judiciary Committee

Dan Ogg  
Representative

Session:  
Room 409  
Capitol Building  
Juneau, Alaska 99801  
Phone: 907-465-2487  
Toll Free: 800-865-2487  
Fax: 907-465-4956  
Email: rep.dan.ogg@legis.state.ak.us

Interim:  
112 Mill Bay Road  
Kodiak, Alaska 99615  
Phone: 907-486-8872  
Fax: 907-486-5264

**SPONSOR STATEMENT**

House Bill 419

2/18/04

**"An Act relating to regional seafood development associations and to regional seafood development taxes."**

HB 419, recommended by the Joint Legislative Salmon Industry Task Force, will allow fishermen to form regional seafood development associations to tax themselves, providing a stable funding source for marketing efforts.

Farmed salmon production has increased dramatically over the past decade, exceeding the wild salmon catch and causing prices to plummet. In order to compete in this new market, Alaska's salmon fishermen have sought creative ways to differentiate wild fish from their penned counterparts. One method that has proven effective in distinguishing the two is regional marketing. Copper River fishermen took the lead in establishing a brand for their catch, proving the enormous potential for niche markets. Now several other regional brands have been established in communities such as Kenai, the Aleutian Islands, and Kodiak.

Most branding organizations are currently dependent on a mix of state and federal grants to fund their marketing efforts. However, these grants are often unreliable, one-time revenue sources. This bill would allow regional seafood development associations to assess themselves between one-half and two percent to provide a steady stream of marketing dollars.

HB 419 creates 12 distinct seafood development regions based on commercial fishing management areas established by the Board of Fish. Under the bill, all the fishermen in a region may vote to participate in an association or it may be limited to a specific fishery or fisheries. Once a regional association is formed, other fisheries can vote themselves into or out of the association, but there can only be one association per region.

As the amount of imported and farmed seafood continues to rise, regional marketing associations will provide a valuable tool for Alaska's commercial fishermen. Regional associations are able to focus on the unique area where the fish is harvested, building on Alaska's reputation for pristine waters that yield superior fish.

## CS changes for HB 419

Please contact staff member Melissa Dover at x3820 if you have questions on any of the CS changes.

**1) Sec. 43.76.370(a)(1) - \$500 application fee**

In response to concerns expressed by the Department of Community and Economic Development (DCED), we have added a \$500 application fee for each fishery that decides to hold an election. The application fee will help cover the cost of the election.

**2) Sec. 43.76.370(e)-(g) – one tax rate per region**

This is clarifying language to ensure that all fisheries participating in a regional seafood development association are taxing themselves at the same rate. It addressed the Dept. of Revenue concern that they could be collecting different rates for fisheries within the same association. So, when a fishery opts into an association, they opt in at the current tax rate. Once in, all the members of the association can vote to raise or lower the tax rate to meet their current needs.

**3) Sec. 43.76.380(c) – closing the “purchaser loophole”**

This language closes what the Dept. of Revenue refers to as the “purchaser loophole.” In the event that a fisherman sells his product to someone who is not licensed fisheries business, the fisherman is then liable for payment of the tax. For example, a fisherman direct-marketing his product to consumers would be liable for paying the tax.

**4) Sec. 44.33.065(a)(3) – ensuring inclusion in an association**

This provision ensures that any fisherman or other persons or groups wanting to participate in the regional association can become members. This addressed the concern that an association could choose to exclude an individual or group.

**5) Sec. 44.33.065(b) – first qualified will be designated association**

This clarifies that the first qualified organization to apply will be designated the regional seafood development association

**6) Sec. 44.33.065(b)(3) – removes the phrase “including seafood processors”**

Seafood processors can still be members of an association as provided for by the association's bylaws, but it is not a requirement.

Provided by Rep. Ogg



# 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](mailto:ufa@ufa-fish.org)  
[www.ufa-fish.org](http://www.ufa-fish.org)

March 9, 2004

Representative Dan Ogg  
Alaska State Legislature  
State Capitol (Mail Stop 3100)  
Juneau, AK 99801-1182

Dear Representative Ogg,

United Fishermen of Alaska supports HB 419 relating to regional seafood development associations and to regional seafood development taxes. Many fishery groups and associations are currently engaged in regional branding or promotional programs to successfully increase the demand for salmon. As grants diminish, different fisheries seek the ability to administer a self-imposed tax in order to finance their promotional program agendas.

United Fishermen of Alaska represents 33 Alaska Commercial fishing organizations and hundreds of individual fishermen and fishing related businesses, altogether representing over 10,000 Alaska fishermen. We support HB 419 and thank you for your consideration on this matter.

Sincerely,

Mark Vinsel  
Executive Director

CC: Representative Ogg

#### MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Druggers Association • Alaska Longline Fishermen's Association • Alaska Trollers Association • Armstrong Keta • At-sea Processors Association  
Bristol Bay Reserve • Chignik Regional Aquaculture Association • Chignik Seiners Association • Concerned Area "M" Fishermen • Cordova District Fishermen United  
Crab Rationalization and Buyback Group • Douglas Island Pink and Chum • Groundfish Forum • Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association  
Kodiak Seiners Association • North Pacific Fisheries Association • Northern Pacific Scallop Cooperative • Northern Southeast Regional Aquaculture Association  
Old Harbor Fishermen's Association • Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association  
Seafood Producers Cooperative • Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association  
United Catcher Boats • United Salmon Association • United Southeast Alaska Gillnetters • Valdez Fisheries Development Association • Western Gulf of Alaska Fishermen



## Office of Fisheries Development

### Alaska Regional Salmon Marketing Mini-Grant Program Recipients

[Back to  
Grants Page](#)

The Alaska Department of Community and Economic Development and the University of Alaska/Kodiak Fishery Industrial Technology Center received funding from the USDA-Cooperative State Research, Education and Extension Service (CSREES) in 2002 to begin a three-year mini-grant program to facilitate the regional marketing of Alaska salmon. In February 2002, five applicants received funds from the first grant cycle. In April 2003, six applicants received funds from the second cycle. A third cycle will begin in the winter of 2003/2004.

The Regional Salmon Marketing Mini-Grant Program is designed for fishing organizations or regional groups to develop programs for marketing salmon harvested from a defined region of Alaska. Applicants are asked to coordinate with other salmon organizations within the specified region to avoid redundancy and encourage regional support. Funds may be used for advertising, test product giveaways, marketing travel, label design, consultation and other marketing activities. Among the criteria for evaluating the applicants are: cooperation between groups within the region, ability to produce high quality salmon, strategy for regionally defining the area's salmon; and the quality and effectiveness of the marketing plan.

Following are summaries describing the achievements of the 2002 awardees and the goals of the 2003 awardees. [2003 Regional Salmon Marketing Mini-Grant Program Information and Application.](#)

[About regional marketing.](#)

### Alaska Peninsula - Aleutians East Borough



The [Aleutians East Borough](#) received \$54,500 from the program in 2002 to market "Area M" salmon from around the Alaska Peninsula and the eastern Aleutian Islands. A salmon marketing committee formed early in the year and included community members, fishermen and one processor; these committee members have since been in frequent contact to discuss the progress and direction of the project. Aleutians East Borough collaborated with several other local organizations as well as the Alaska Fisheries Development Foundation (AFDF) and intends to continue working with local processors and other interested parties. The program's marketing plan distinguishes Area M salmon from other salmon as "ocean-caught" in the wilds of the Aleutians, harvested by local Aleut families and as the last Alaska salmon of the season. The following goals were accomplished during the first year of the program:

- Rigorous quality standards that surpass ASMI's grade A were instituted and local processor Orca Bay began purchasing high quality sockeye

salmon.

- Aleutians East developed the brand "Aleutia" for the region's salmon and produced an award-winning logo.
- The Aleutia brand was advertised at the Boston Seafood Show and many buyers showed interest.
- Quality handling workshops by Seafood Inspection Services and HACCP training took place.
- A flyer and brochure were produced in early 2003.

After a successful first year, Aleutians East Borough applied for regional marketing funds under the 2003 Regional Salmon Marketing Mini-Grant Program and received \$20,000. With these funds, the program will continue to promote the Aleutia brand by printing brochures, quality seals and labels and meeting regularly. The Aleutia program will also form a non-profit corporation to carry on the regional marketing of the area's salmon independent of the Borough and ADFG.

Aleutians East Borough reported the following observations:

"It...[is] difficult and time consuming...[to] achieve consensus on "creative" and "artistic" decisions, i.e. logo and product name. What appeals to fishermen and community members is not necessarily what appeals to consumers and therefore marketing professionals should be consulted.

Buyers don't necessarily want seafood that meets some constructed quality standards. They know what they want in terms of quality and they are the best judges of that quality. So while they appreciate efforts to properly care for fish, their specs override any quality standards and make quality standards unnecessary."

### **Bristol Bay - Bristol Bay Economic Development Corporation**



all levels of the program.

One of six regional Community Development Quota (CDQ) groups, the Bristol Bay Economic Development Corporation used their 2002 grant of \$130,000 to begin building regional marketing efforts for Bristol Bay salmon. An initial consultative group was formed in Bristol Bay including BBEDC representatives and representatives from four major area processors. Representing 17 villages around Bristol Bay, BBEDC works to involve local fishermen at

In addition to setting apart Bristol Bay salmon, they encourage sub-regional marketing efforts for particular runs of salmon, (i.e. Naknek River reds). All local fishermen are allowed to take part in the marketing program and to use the Bristol Bay regional trademarks and promotional materials provided they adhere to rigorous quality standards which meet or exceed ASMI's grade A. BBEDC accomplished the following goals with their first year of grant funds:

- Consultants were hired to develop a quality assurance program.
- PR/program development consultants were hired.
- Promotional materials were developed and printed for the program.
- A promotional web site was created and launched.
- The Bristol Bay logo was advertised in Natural Products EXPO East show.

BBEDC received \$90,000 from the 2003 Regional Salmon Marketing Mini-Grant Program. With these funds, BBEDC will continue to develop and promote the Bristol Bay wild salmon brand through advertising, point of sale returns, quality assurance, test product giveaways and trade show follow-ups with potential buyers.

BBEDC had the following comments about regionally marketing seafood:

"Involving resident fishermen in the face-to-face marketing of their own salmon helps them understand the market demands, helps the customers appreciate the product better and builds the region's capacity for direct marketing of seafood products.

The need to educate the market about the differences between wild salmon from farmed salmon is critical to elevating the ex-vessel price. Through our presence at natural foods Trade Shows, we are confirming the basic premise of this direct, regional marketing effort: that buyers will pay more for the Authenticity of our Bristol Bay Watershed story; high quality, wild salmon purchased as directly as possible from resident harvesters of the Bristol Bay watershed will overcome the market saturation of farmed salmon. We will now see if we can translate this interest into increased returns to our resident fishermen."

### Copper River - Cordova District Fishermen United



The Cordova District Fishermen United (CDFU) received \$45,500 of funding in 2002 to support their regional marketing efforts for Copper River salmon. CDFU capitalizes on the natural qualities of Copper River salmon and markets them as wild, strong fish full of rich oils for the 300 mile journey up the clean, glacial Copper River. They also promote the sustainability of the resource and the rugged Alaskans who harvest the fish. CDFU completed the following goals during the first year of the program:

- Designed, produced and printed promotional banners and point-of-sales material for Copper River salmon.
- Program contact list was updated and flyers sent to notify participants of new materials.
- The Copper River Salmon web site was revised and updated.
- Outer Rim Publications was contracted to write a business plan with an emphasis on the eventual self-sufficiency of the program.

CDFU evaluated the effectiveness of their promotions in 2002 and received numerous requests for a video about the region's salmon for use in supermarkets and other marketing venues. With \$20,000 from the 2003 Regional Salmon

Marketing Mini-Grant Program, CDFU will produce a video loop as well as continue to advertise and publish promotional material.

CDFU gave the following insight into regionally marketing Copper River salmon:

"Being able to meet the needs of all the various niche marketers of Copper River salmon, as well as supporting the traditional users, is an important part of effective promotional support. This will be accomplished through increased diversification of materials and information available, including materials specific for wait-staff, smaller retail markets and wholesalers."

### **Chignik - Norquest**

Norquest was awarded \$50,000 in 2002 to market Chignik area salmon. The program was meant to emphasize quality handling for fishermen and processors with all participants required to meet certain standards to be eligible for marketing under the program. Funds were intended to create a label and graphic designs and to search out promising niche markets where wild salmon was already sold. Selling points specific to Chignik salmon included a rationalized fishery and the picturesque community with its unique location.

Norquest intended to assemble an advisory committee consisting of local fishermen, interested community members and processors. Participating members were meant to share their insight and lead the branding effort. Due in part to the often contentious relationships between fishermen and processors in the Chignik area, Norquest was unable to form the advisory committee and gain the support of local producers. It may be that an individual business, be it a harvester, processor or other, is not the appropriate organization to lead this kind of effort. Organizations that perform more economic development functions may be the most appropriate manner of entity to facilitate a regional marketing program. Norquest rescinded their request for funds.

### **Kenai Peninsula – Kenai Peninsula Borough**

With funding from several sources, including \$120,000 from the 2002 Regional Salmon Marketing Mini-Grant Program, the Kenai Peninsula Borough embarked on a multi-year program to market Cook Inlet sockeye salmon. Participating fishermen and processors must adhere to strict quality standards including mandatory icing, chilling, bleeding, handling procedures and grading. This program made the following progress during its first year:

- Developed the brand name "Kenai Wild" along with a logo and subheads and printed 5000 labels.
- Designed an illustrated fact sheet and printed 5,000 copies.
- Sent out 400 pounds of branded product to potential customers.
- Trained two locals in quality inspection and 40 fishermen and four processors through quality control training.
- Developed contacts and prepared labeled product for mid-winter promotions.
- Certified 23,000 lbs. of Kenai wild product.

- Tested Kenai wild product in 22 retail and food service markets.

The Kenai Peninsula Borough also hopes to influence salmon management in the area in order to spread out the fishery and increase salmon quality and service. The branding project will focus on the unique aspects of the local salmon and salmon industry for promotion to high-end niche markets.

Kenai Peninsula Borough discovered in the first year of their program that early winter advertising was difficult, as around the holiday season many buyers were too busy promoting seasonal specials to discuss new promotions. They did find a strong positive attitude toward wild salmon, however, and pointed out that all participating buyers emphasized the positive aspects of wild salmon without disparaging farmed salmon. They are contemplating instituting quality control beyond the processing plant, as much otherwise acceptable product was rejected due to poor workmanship.

The Kenai Wild program will continue in 2003 and beyond with assistance from other funding sources. [Cook Inlet Salmon Branding Project web site](#).

### **Kodiak -- Kodiak Chamber of Commerce**

The Kodiak Chamber of Commerce received \$130,000 under the 2003 Regional Salmon Marketing Mini-Grant Program to brand and market Kodiak pink and chum salmon. They established the Kodiak Brand and Marketing Committee (KBMC) to lead the effort.

The KBMC's quality program will include training for fishermen, tenders and processors, creation of quality standards and the certification at least 20,000 lbs. of product in the first year. This program focuses on pink salmon fillets and will conduct product research to determine consumer preferences for packaging, format, pin-boning and other variables. With this information, the KBMC hopes that at least two retail chains will buy product regularly. Funds will also be used to create a brand, logo, labels, brochures, fact sheet and other promotional materials. KBMC hopes to become a stand-alone organization in the future to lead the regional marketing of all Kodiak's salmon.

### **Kuskokwim Bay -- Coastal Villages Region Fund**



One of six regional Community Development Quota (CDQ) groups, Coastal Villages Region Fund received \$120,000 from the 2003 Regional Salmon Marketing Mini-Grant Program to market Kuskokwim Bay salmon. In 2002, Coastal Villages developed the Kuskokwim Bay/Coastal Villages brand and logo and established relationships with Wildcatch and Indian Valley Meats to co-brand their fish. Wildcatch was

attracted to Kuskokwim product in part because the low volume fishery and mandatory slush ice for all harvesters has a high potential for producing quality fish. Wildcatch caters to the natural/organic foods market by partnering with major natural foods retailers. Coastal Villages and Wildcatch are also considering

partnering to produce innovative products such as salmon baby food.

Indian Valley Meats is an established value-added processor in Alaska and brings to the partnership training for processors, experience producing value-added products and a market for the Kuskokwim's lower value chum salmon. Salmon jerky, sticks and burgers are currently co-branded and more products are being developed. Coastal Villages Intends to use their grant funds to attend trade shows, establish distributorships with natural food retailers, advertise, produce promotional material, meet with potential European buyers, earn the Alaska Manufacturers Association's "Alaska Quality Seal," bring buyers to the region and develop packaging for new Indian Valley Meats co-branding products.

### **Stikine River -- Wrangell Community Salmon Marketing Association**

With \$20,000 from the 2003 Regional Salmon Marketing Mini-Grant Program, the Wrangell Community Salmon Marketing Association intends to develop a marketing business plan for Stikine River salmon. Quality specification will be developed, fishermen and industry leaders surveyed for input, target markets identified, a logo developed and a plan formulated for the production of labels and promotional materials.

Promotion of the region's salmon will complement community projects designed to increase the quantity and diversity of local salmon products, including the construction of a value-added processing facility/cold storage. The committee will draw upon its unique fishing history, dating back to Native fishermen, to create a regional identity for its product. Recognizing the need for high quality salmon, the program will include strong quality control and grading procedures.

[Back to Grants Page](#)

[Alaska State Home Page](#)

[Department Home Page](#)

[Division Home Page](#)

PO Box 110009, Juneau, Alaska 99811-0809 Phone: (907) 465-2017 Fax: (907) 465-3767 TDD: (907) 465-5437 (All Locations)  
550 W. 7th Avenue, Suite 1770, Anchorage, Alaska 99501-3510 Phone: (907) 269-8110 Fax: (907) 269-8125



[Click here to return to the original story](#)

---

## House Finance approves seafood branding tax bill

**Wednesday, March 24, 2004**

**The Associated Press**

Fishermen could tax themselves to pay for development and marketing of regional brands of seafood under a bill approved Tuesday by the House Finance Committee.

Fishermen in several areas of the state have begun marketing some of their fish under regional brand names, such as "Kenai Wild," caught by Cook Inlet fishermen.

But Rep. Dan Ogg, R-Kodiak, who is sponsoring the bill, said the regional branding groups currently depend on a mix of state and federal grants for funding.

Jerry McCune of United Fishermen of Alaska said that funding is drying up.

Under House Bill 419, fishermen could vote to form regional seafood development associations and tax themselves to provide marketing and development dollars. The tax could range from .5 to 2 percent of what fishermen are paid for their catch.

All the fishermen in a region could participate in an association, or it could be limited to a specific species or gear type.

Permit holders would be eligible to vote on the tax, which would require approval by 51 percent of those voting, Ogg said.

The money could be used on facilities to improve quality of the branded fish, such as cold storage, as well as marketing, Ogg said.

## SENATE COMMITTEE REPORT

DATE: 04/01/04

FURTHER: Finance

DATE TURNED  
IN TO OFFICE: 4/27/04

Labor and Commerce Committee considered CS FOR HOUSE BILL NO. 419(RES)

HB 419 REGIONAL SEAFOOD DEVELOPMENT ASS'NS./TAX

"An Act relating to regional seafood development associations and to regional seafood development taxes."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- 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 Change
- New Title w/ SCR # \_\_\_\_\_

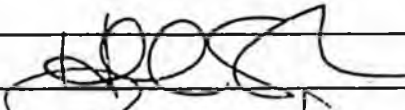
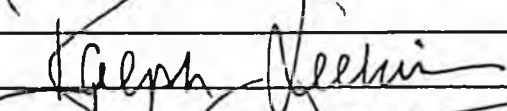
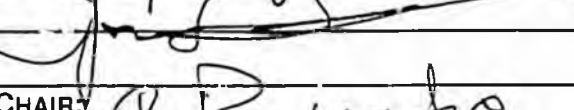
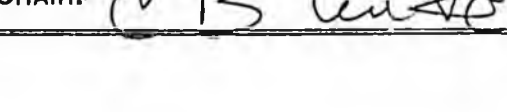
**NEW FISCAL NOTE(S):**

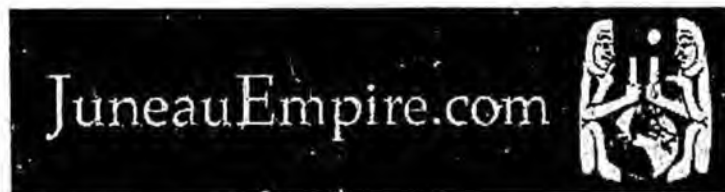
Department	Date	Fiscal	Indet.	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
REV	2/8/04		✓		2
DCED	2/19/04			✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
French 			X	
Seidman 			✓	
G. Stevens 	X			
Burde  CHAIR				✓



[Click here to return to the original story](#)

---

## Fishermen unite to create regional brands, revive sagging salmon sales

Monday, March 3, 2003

By DAN JOLING  
*THE ASSOCIATED PRESS*

ANCHORAGE - In the new world of Alaska regional seafood marketing, sockeye salmon will be on ice seconds after being plucked from the sea. They'll be coddled like newborns to prevent bruising.

And they'll have brand names that remind customers of where they come from: Aleutia. Kenai Wild. Copper River. Kodiak.

Desperate to revive sales that have tanked because of sluggish foreign economies and competition from farmed fish, some Alaska salmon fishermen are banding together to create regional brands for customers willing to pay a premium for fresh, wild fish.

"The whole idea of the project is to develop a situation where the fishermen in that region have a long-term relationship with a specific group of customers," said Marc Jones, executive director of the Alaska Fisheries Development Foundation, which helped launch the Aleutia brand with fishermen in the Aleutians East Borough.

Along with names that fishermen hope will catch on, the newest brands sport third-party inspection to ensure quality.

"Otherwise, you're just talking about a cute sticker," Jones said.

Alaska fishermen have not always had to market so hard.

In the early 1980s, Alaska supplied nearly half the world's salmon. Demand gave rise to fish farms in Norway, Canada and Chile. Owners of pen-reared Atlantic salmon began delivering fresh fish any time of year, in any size fillet desired by restaurant chefs or grocers. And consumers didn't seem to care whether their fish grew up eating pellets.

In 2000, Alaska supplied just 19 percent of world's salmon.

The state has been slow to react. Legislators now are talking about changes in a state-regulated fishing system designed to maximize the

number of people fishing, which include built-in inefficiencies such as limits on the size of fishing boats.

The state's official marketing arm, the Alaska Seafood Marketing Institute, is prohibited from promoting a particular region, company or fisherman's catch. Instead, it has made its research and quality standard resources available to regional marketers, said Ray Riutta, executive director.

The first region to push a brand was Cordova at the southeast end of Prince William Sound, a few miles from the salmon-rich Copper River.

The area established a niche market during the past 25 years by promoting itself as Alaska's first major salmon run. After the long winter, the first catch of Copper River kings and sockeye command premium prices as they're whisked off boats and jetted to Seattle and other markets.

Alaskans launched two other regional brands last year.

Cook Inlet fishermen caught salmon for the Kenai Wild label. With help from the Kenai Peninsula Borough, the Alaska Manufacturers Association and the state, Cook Inlet Salmon Brand Inc. is planning a five-year marketing program.

Farther west, fishermen at the tip of the Alaska Peninsula and the start of the Aleutian Islands launched Aleutia brand.

Aleutia fishermen want to take advantage of one of Alaska's latest runs of sockeye, delivering fresh fish in September when most other fishermen have hung up their nets.

To kick off the program, the Alaska Fisheries Development Foundation, backed by federal grants, last fall bought sockeye graded out as premium for 95 cents per pound, more than double the 45-cent going rate.

Kenai Wild and Aleutia promoters hired private third-party inspectors from Seattle to certify the quality of fish. Before any were caught, the inspectors trained fishermen to handle them to meet the industry's highest standards.

Trident Seafoods custom processed Aleutia fish at Sand Point in the Aleutians. To be graded premium, fish had to meet standards set by buyers: fish bled while they were still alive, immediate icing, gently handling to avoid bruising and scale loss. Salmon had to be of good, red color - the easiest requirement for wild Alaska sockeye. Fillets had to be free of cuts inflicted by nets or sea lions.

The foundation hoped to buy 100,000 pounds of sockeye. A small run resulted in the foundation purchasing just 15,000 pounds, Jones said.

The smaller amount may have been a blessing in disguise as logistics could be worked out without being overwhelmed by the higher volume of fish. Among the challenges: Everyone who touches the fish - fishermen,

processors, transporters, wholesalers and marketers - must be committed to maintaining the high standards for a highly perishable product. It doesn't help that each component is a separate business.

"Someone's got to keep them all in their traces," Jones said.

Another challenge is moving fresh fish quickly at a reasonable expense. It cost 92 cents per pound to transport salmon from Sand Point to Boston last year, Jones said. A whopping 60 cents of that involved moving the fish from Sand Point to Anchorage.

Mark Powell, president of Cook Inlet Salmon Branding, said the first year of the Kenai Wild project showed that many more fish than originally thought possible can qualify as premium grade if fishermen adhere to handling standards.

Webber of Cordova applauds the marketing efforts in other regions and expects it to be a growth area for Alaska fishermen.

"I'm glad to see the rest of the state wants to step up to the quality plate," Webber said.

---

All contents ©Copyright 1997-2003 [Juneau Empire](#), [Morris Digital Works](#) & [Morris Communications Corporation](#)  
[Contact Us](#) | [About Us](#) | [Privacy Policy](#) | [Advertising Information](#)

Greg Fisk is <sup>-DCED</sup>  
also here for  
questions

Per Rep Ogg's Office

SENATE FINANCE COMMITTEE

SIGN - IN

**HB 419-REGIONAL SEAFOOD DEVELOPMENT ASS'NS./TAX**

NAME: Chuck Harlamert Subject/Bill No: HB 419  
Co./Dept./Title: Dept. of Revenue Phone: 2320  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

✓ NAME: Jerry McCune Subject/Bill No: HB 419  
Co./Dept./Title: United Fishermen of Alaska Phone: 586-2820  
Address: 2114th suite 110 JUNEAU AK Zip: 99801  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions