

ALASKA LEGISLATURE

2712

HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004

1 (1) in cash;
 2 (2) by negotiation of the recipient's check that secures the advance; or
 3 (3) with the agreement of the licensee, a debit card, a cashier's check,
 4 an electronic funds transfer from the recipient's bank account, or a reasonable
 5 electronic payment mechanism to which the parties agree.

6 (b) An advance is paid in full when the advance recipient repays the advance
 7 under (a) of this section, or when the advance recipient rescinds the advance under
 8 AS 06.50.480.

9 (c) A licensee may not accept payment of an advance from the proceeds of
 10 another advance provided by the same licensee.

11 **Sec. 06.50.540. Default fees.** If a payment received from an advance
 12 recipient is returned unpaid to a licensee, the licensee may not collect the fees allowed
 13 by this chapter unless the fees are disclosed in the agreement for the advance under
 14 AS 06.50.400.

15 **Sec. 06.50.550. Collection or court action after default.** (a) If an advance
 16 recipient defaults, before assigning the payment obligation to a third party for
 17 collection and before initiating a court action against the recipient, a licensee

18 (1) shall attempt in good faith to contact the advance recipient at
 19 reasonable times by telephone or mail to discuss the delinquency and to offer the
 20 recipient a payment plan under (2) of this subsection;

21 (2) shall offer the recipient a payment plan under which

22 (A) the recipient may repay the delinquent advance over an
 23 extended period of time, which may not exceed six months;

24 (B) at least five percent of the outstanding balance is due when
 25 the payment plan is signed;

26 (C) an additional fee by the licensee is not allowed, except for a
 27 bad check fee for costs as allowed under AS 09.68.115(a)(2);

28 (3) in addition to the contact required by (1) of this subsection, shall
 29 send a certified letter to the recipient's last known address at least 15 days before the
 30 action that makes the offer described in (2) of this subsection and that informs the
 31 recipient of the licensee's intent to proceed with a court action.

1 (b) The licensee may initiate a court action against a defaulting recipient to
 2 recover damages and costs allowed under AS 09.68.115 if the licensee has complied
 3 with (a) of this section. Notwithstanding AS 09.68.115, the total of all damages and
 4 costs, including damages recovered under AS 09.68.115(a), may not exceed the
 5 amount of the payment by \$700.

6 **Sec. 06.50.560. Threat of criminal action prohibited.** A licensee may not
 7 threaten an advance recipient with criminal action as a result of the recipient's default.

8 **Article 5. Miscellaneous Provisions.**

9 **Sec. 06.50.600. Regulations.** The department may adopt regulations under
 10 AS 4.62 (Administrative Procedure Act) to implement this chapter.

11 **Sec. 06.50.610. Relationship to federal and other state law.** (a) If a
 12 provision of this chapter is preempted by or conflicts with federal law in a particular
 13 situation, the provision does not apply to the extent of the preemption or conflict.

14 (b) If a provision of this chapter conflicts with another state law in a particular
 15 situation, the provision in this chapter governs to the extent of the conflict.

16 **Article 6. General Provisions.**

17 **Sec. 06.50.900. Definitions.** In this chapter, unless the context requires
 18 otherwise,

19 (1) "advance" means a deferred deposit advance;

20 (2) "advance recipient" means a borrower to whom an advance is
 21 made;

22 (3) "control," in the case of a person who is not a natural person,
 23 means direct or indirect ownership, the right to vote or otherwise control 10 percent or
 24 more of the governance interest of the entity, or the ability of a person to elect a
 25 majority of the directors;

26 (4) "deferred deposit advance" means a transaction in which a person

27 (A) accepts a dated check from a person seeking an advance;

28 (B) agrees to hold the check for a specified period of time
 29 before depositing or otherwise negotiating the check; and

30 (C) pays to the advance recipient, credits to the account of the
 31 advance recipient, or pays to another person on behalf of the advance recipient

1 the amount of the check less the charges allowed under this chapter;

2 (5) "department" means the Department of Community and Economic
3 Development;

4 (6) "license" means a license issued under this chapter;

5 (7) "licensee" means a person to whom a license has been issued under
6 this chapter.

7 * **Sec. 4.** AS 44.62.330(a) is amended by adding a new paragraph to read:

8 (61) Department of Community and Economic Development relating
9 to the licensing and regulation of persons making deferred deposit advances under
10 AS 06.50.

11 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 **TRANSITION: EXISTING ACTIVITIES.** (a) Notwithstanding the licensing
14 requirements of AS 06.50.010 - 06.50.090, enacted by sec. 3 of this Act, a person who, on the
15 day before the effective date of secs. 1 - 5 of this Act, is engaged in the business of making
16 deferred deposit advances may continue to make deferred deposit advances for 60 days after
17 the effective date of secs. 1 - 5 of this Act without being licensed under AS 06.50, enacted by
18 sec. 3 of this Act. Beginning on the 51st day after the effective date of secs. 1 - 5 of this Act,
19 a person described in this subsection shall be licensed under AS 06.50.010 in order to
20 continue making deferred deposit advances.

21 (b) In this section, "deferred deposit advance" has the meaning given in
22 AS 06.50.900, enacted by sec. 3 of this Act.

23 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
24 read:

25 **TRANSITIONAL PROVISIONS: REGULATIONS.** The Department of Community
26 and Economic Development may proceed to adopt regulations necessary to implement this
27 Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not
28 before the effective date of secs. 1 - 5 of this Act.

29 * **Sec. 7.** Section 6 of this Act takes effect immediately under AS 01.10.070(c).

30 * **Sec. 8.** Sections 1 - 5 of this Act take effect January 1, 2005.



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 27 April 2004 TIME: 10:10am

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 2

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Final Please

CS SB 272 (FIN) 23-LS1516\U

Plus 1 amendment attached

Call if any questions

Mindy
Mindy

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSSB 272 (L&C)
 Publish Date: _____

Revision Date/Time (Note if correction): _____
 Title Deferred Deposit Advances
(Payday Loans)
 Sponsor House Labor & Commerce
 Requester House Labor & Commerce

DRAFT

Dept. Affected: DCED
 RDU Banking, Securities & Corporations (115)
 Component Banking, Securities & Corporations
 Component No. 1233

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	104.0	104.0	104.0	104.0	104.0	104.0
Travel	12.0	12.0	12.0	12.0	12.0	12.0
Contractual	35.0	45.0	50.0	55.0	65.0	70.0
Supplies	1.5	1.5	1.5	1.5	1.5	1.5
Equipment	4.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	156.5	162.5	167.5	172.5	182.5	187.5

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	134.5	164.5	202.3	238.0	274.8	311.5
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1156 Increase in Revenues (RSS)	156.5	162.5	167.5	172.5	182.5	187.5
TOTAL	156.5	162.5	167.5	172.5	182.5	187.5

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	2					
Part-time	0					
Temporary	0					

ANALYSIS: (Attach a separate page if necessary)

This legislation requires the Division of Banking, Securities and Corporations to license and supervise Alaska's payday lending establishments.

The division anticipates two additional staff will be needed to implement these provisions.

Personal Services: One Financial Institution Examiner I (\$61.7) and one Administrative Clerk III (\$42.3)

Travel: In-state and out-of-state travel to verify establishments have licenses and to examine licensed establishments.

Contractual: Hearings for applicants who file formal complaints regarding the denial of applications or revocation of a license (\$100.0), rent (\$1.2), and miscellaneous contractual expenses for two new employees (\$2.5)

Prepared by: Mark Davis, Director
 Division: Banking, Securities & Co
 Approved by: Edgar Blatchford, Commi
 Agency: Department of Community & Economic Development

DRAFT

Phone (907) 465-2521
 Date/Time 4/28/04 9:32 AM
 Date 4/28/2004

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. CSSB 272

ANALYSIS CONTINUATION

Supplies: Miscellaneous contractual expenses for two new employees (\$2.5)

Equipment: Computer equipment for new staff (\$4.8)

Change in Revenues: The division anticipates an increase in revenues (Receipt Supported Services/RSS) as a result of collecting new licensing fees required by this legislation. This estimate is based on the assumption that there will be 20 establishments who will each pay \$5000 for an annual license which equates to \$100.0 in revenues on an annual basis.

The division also estimates there will be additional revenues collected to recover the cost of examining establishments for compliance with the provisions of this legislation. We estimate that we would recoup approximately \$1,125 per examination for examinee's hours from the cost examination of these licensees, plus \$12.0 for reimbursable travel. We estimate that over the next 5 years, the number of licensees will increase to about 50, and then level off. Thus, we estimate an average of 6 new licensees per year, which results in the increased revenues each year through 2010.

The total revenue for the first year would be an estimated \$74.5.

Note: This division was able to verify the existence of 20 establishments in Alaska at this time, we estimate that this figure could grow to 50 in the next five years.

Not offered

SENATE FINANCE
COMMITTEE

Amendment Number: #1

Bill Number: SB 272

Sponsor: Bunde Date: 4/28/04

Logged In By: Robin

AMENDMENT

By Senator Bunde

TO: CSSB 272 (L&C)

Page 4, line 4

Delete "2000"

Insert "3000"

Failed

SENATE FINANCE
COMMITTEE

Amendment Number: #2
Bill Number: SB 272
Sponsor: Hoffman Date: 4/28/04
Logged In By: Mindy

23-LS1516U.1
Bannister
4/27/04

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR HOFFMAN

TO: CSSB 272(L&C)

- 1 Page 10, line 10:
- 2 Delete "14"
- 3 Insert "30"
- 4
- 5 Page 10, line 27:
- 6 Delete "14"
- 7 Insert "30"
- 8
- 9 Page 10, line 28:
- 10 Delete "two consecutive times"
- 11 Insert "once"
- 12
- 13 Page 11, lines 11 - 12:
- 14 Delete "as an annual percentage rate for 14 days for each \$100, and"

SENATE FINANCE

COMMITTEE

Amendment Number: #2

Bill Number: SB 272

Sponsor: Hoffman Date: 4/29/04

Logged In By: Mindy

23-LS1516U.1

Bannister

4/27/04

AMENDMENT

Divided Question

OFFERED IN THE SENATE

BY SENATOR HOFFMAN

TO: CSSB 272(L&C)

1 Page 10, line 10:

2 Delete "14"

3 Insert "30"

4

5 Page 10, line 27:

6 Delete "14"

7 Insert "30"

8

9 Page 10, line 28:

10 Delete "two consecutive times"

11 Insert "once"

12

13 Page 11, lines 11 - 12:

14 Delete "as an annual percentage rate for 14 days for each \$100, and"

#2A

#2B

#2A

SENATE FINANCE COMMITTEE
4/28/2004 COMMITTEE ACTION

Bill Number	SB 272		
Amendment	#2 ft		
Motion	acopt		
<u>Motion by</u>	Hoffman		
<u>Objection by</u>	Wilken		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	Vote	N
Senator Bunde			✓
Senator Dyson			✓
Senator Hoffman	✓		
Senator Olson	✓		
Senator Stevens			✓
Co-Chair Green			✓
Co-Chair Wilken			✓
<u>Tally</u>			
Yea		2	
Nay		5	
Absent			
<u>MOTION</u>	FAIL		

lines 1-7 and 13 & 14
of amendment #2

SENATE FINANCE COMMITTEE
~~4 FEB/2004~~ **COMMITTEE ACTION**

Bill Number	SB 272		
Amendment	#2B		
Motion			
<u>Motion by</u>			
<u>Objection by</u>			
Removed			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Dyson			✓
Senator Hoffman	✓		
Senator Olson	✓		
Senator Stevens			✓
Senator Bunde			✓
Co-Chair Green			✓
Co-Chair Wilken			✓
<u>Tally</u>			
Yea	2		
Nay	5		
Absent			
<u>MOTION</u>	FAIL		

lines 9-11 of Amendment #2

Failed
amended

SENATE FINANCE
COMMITTEE
Amendment Number: #3
Bill Number: SB 272
Sponsor: Bunde Date: 4/2/04
Logged In By: Mindy

AMENDME JT

By Senator Bunde

TO: CSSB 272 (L&C)

Page 4, line 4

Delete "2000"

Insert ~~3000~~ "5000"

Page 5, line 16

Delete 2000

Insert ~~3000~~ "5000"

SENATE FINANCE COMMITTEE
~~4/28/2003~~ COMMITTEE ACTION

Bill Number	SB 272		
Amendment	#3		
Motion	amended & adopted		
<u>Motion by</u>	Bunde		
<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	3		
Nay	4		
Absent			
<u>MOTION</u>	FAIL		

Adopted

SENATE FINANCE
COMMITTEE

Amendment Number: ~~#4~~
Bill Number: SB 272
Sponsor: Bunde Date: 4/2/04
Logged in By: Mindy

AMENDMENT

By Senator Bunde

TO: CSSB 272 (L&C)

Page 4, line 4

Delete "2000"

Insert "3000"

Page 5, line 16

Delete 2000

Insert 3000

(equals Amendment #3)
unamended

SENATE FINANCE COMMITTEE
4/20/2009 COMMITTEE ACTION

Bill Number	SB 272		
Amendment	# 4		
Motion	adopt		
<u>Motion by</u>	Bunde		
<u>Objection by</u>	Wilken none		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Hoffman			
Senator Olson			
Senator Stevens			
Senator Bunde			
Senator Dyson			
Co-Chair Green			
Co-Chair Wilken			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	Pass		

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 272(L&C)
(S) Publish Date: 4/21/04

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title Deferred Deposit Advances RDU Banking, Securities & Corporations (115)
(Payday Loans) Component Banking, Securities & Corporations
Sponsor Senate Rules
Requester Senate Labor & Commerce Component No. 1233

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	104.0	104.0	104.0	104.0	104.0	104.0
Travel	12.0	12.0	12.0	12.0	12.0	12.0
Contractual	103.7	103.7	103.7	103.7	103.7	103.7
Supplies	1.5	1.5	1.5	1.5	1.5	1.5
Equipment	4.8					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	226.0	221.2	221.2	221.2	221.2	221.2
CAPITAL EXPENDITURES						
CHANGE IN REVENUES (1156)	74.5	46.5	93.3	72.0	118.8	97.5

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1156 Receipt Supported Services	226.0	221.2	221.2	221.2	221.2	221.2
TOTAL	226.0	221.2	221.2	221.2	221.2	221.2

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	2				
Part-time	0				
Temporary	0				

ANALYSIS: (Attach a separate page if necessary)

This legislation requires the Division of Banking, Securities and Corporations to license and supervise Alaska's payday lending establishments.

The division anticipates two additional staff will be needed to implement these provisions.

Personal Services: One Financial Institution Examiner I (\$61.7) and one Administrative Clerk III (\$42.3)

Travel: In-state and out-of-state travel to verify establishments have licenses and to examine licensed establishments.

Continued on Next Page

Prepared by: Mark Davis, Director Phone (907) 465-2521
Division Banking, Securities & Corporations Date/Time 4/20/04 11:48 AM
Approved by: Edgar Blatchford, Commissioner Date 4/20/2004
Agency Department of Community & Economic Development

FISCAL NOTE #1

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. CSSB 272(L&C)

ANALYSIS CONTINUATION

Contractual: Hearings for applicants who file formal complaints regarding the denial of applications or revocation of a license (\$100.0), rent (\$1.2), and miscellaneous contractual expenses for two new employees (\$2.5).

Supplies: Miscellaneous contractual expenses for two new employees (\$2.5).

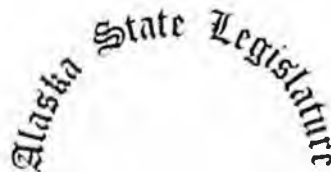
Equipment: Computer equipment for new staff (\$4.8).

Change in Revenues: The division anticipates an increase in revenues (Receipt Supported Services/RSS) as a result of collecting new licensing fees required by this legislation. This estimate is based on the assumption that there are 20 establishments who will each pay \$2.0 for a biennial license which equates to \$20.0 in revenues on an annual basis in FY05. We estimate that the number of establishments would increase by 6 establishments in each of the next five years and then level off at 50 establishments.

The division also estimates there will be additional revenues collected to recover the cost of examining establishments for compliance with the provisions of this legislation. We estimate that we would recoup approximately \$1,125.00 per examination. This is based on the assumption that each examination would require an average of 15 examination hours at a cost of \$75 per hour.

The total revenue for the first year would be an estimated \$74.5.

SENATOR
JOHN J. COWDERY
Anchorage



January - May:
State Capitol, Suite 101
Juneau, Alaska 99801-1182
Tel: 907-465-3879
Toll Free: 888-269-3879
Fax: 907-465-2069

Committees
Chair: Rules
Chair: Transportation
Chair: World Trade &
State/Federal Relations
Legislative Council
State Affairs

Senate

May - December:
716 W. 4th Avenue
Anchorage, Alaska 99501
Tel: 907-269-0222
Fax: 907-269-0223

Senator_John_Cowdery@legis.state.ak.us

SPONSOR STATEMENT FOR SB 272

"An Act relating to certain monetary advances in which the deposit or other negotiation of certain instruments to pay the advances is delayed until a later date ..."

The deferred deposit advance industry, recognizing consumer demand for small, short-term credit, has rapidly expanded across the United States. Thirty-nine states and the District of Columbia specifically regulate this service; Alaska is currently unregulated.

The purpose of SB 272 is to regulate deferred deposit/payroll advance businesses in two ways. One is consumer protection – requiring reasonable fees and preventing predatory lending tactics. The second is to protect deferred deposit/payroll advance businesses from unreasonable regulatory burdens.

SB 272 proposes licensing and record-keeping requirements, limits on terms and the number of allowable renewals, fees, and reasonable limits on the amount of the advances. It would provide the consumer detailed information about the type of service and require full disclosure for all fees and costs incurred during the advance process.

Additionally, provisions of the bill create a next day "change of mind" provision allowing the consumer time to reconsider their decision for any reason. Also included is a requirement that the borrower be offered a repayment installment plan.

Additionally, SB 272 clearly states that businesses may not threaten customers with criminal action as a result of a payment deficit.

I urge your support for this legislation.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


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

MEMORANDUM

April 23, 2004

SUBJECT: Sectional summary of CSSB 272(L&C) relating to certain monetary advances (Work Order No. 23-LS1516\U)

TO: Senator John Cowdery
Attn: Richard

FROM:  Theresa L. Bannister
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1. Adds licensees under the new chapter to the list of persons who are not covered by the authority of the Department of Community and Economic Development to authorize state financial institutions to exercise the powers of, or be subject to the limitations of, a federally chartered financial institution.

Section 2. Adds deferred deposit licensees to the definition of "financial institution" for the administration chapter of title on banks and financial institutions.

Section 3. Establishes a new chapter relating to deferred deposit advances.

Sec. 06.50.010. Requires a license for engaging in the business of making or offering deferred deposit advances.

Sec. 06.50.020. Lists the qualifications for a license.

Sec. 06.50.030. Requires an application for a license to be written, under oath, and on the Department's form, and identifies what it must include. Requires submission of an application fee and the bond required by sec. 06.50.040.

Sec. 06.50.040. Requires a bond. Sets the amount. Indicates what it must state regarding the obligation of the obligor. Requires the bond to remain in effect for three years after denial of a renewal of a license, or after the expiration of a license. Allows the department to require additional bonding if the filed bond is unsatisfactory.

Sec. 06.50.050. Directs the department to investigate the applicant and to issue the license if it finds the applicant satisfies the qualifications.

Sec. 06.50.060. Makes the requirements of certain statutes conditions precedent to the license.

Sec. 06.50.070. States that a license is valid for two calendar years.

Sec. 06.50.080. Indicates when and how a license is renewed.

Sec. 06.50.090. Requires the department to notify an applicant who is not qualified for a license or a license renewal. Allows for review of the denial under the Administrative Procedure Act. Requires a licensee to return a license to the department after the licensee receives notice that the denial of a renewal was upheld. When a license renewal is denied, or a license is surrendered, suspended, or revoked, subjects a licensee's accounts to this chapter until paid in full.

Sec. 06.50.200. Generally prohibits the transfer of a license, except to a new location.

Sec. 06.50.210. Requires the prior written approval of the department for a change in control of the licensee.

Sec. 06.50.220. Requires a licensee to notify the department before a proposed change in the business location or name.

Sec. 06.50.230. Allows a licensee to conduct other business at the licensed location except to evade or violate the chapter.

Sec. 06.50.300. Allows the department to suspend or revoke a license under certain conditions.

Sec. 06.50.310. Requires a licensee to file an annual report with the department. Lists what the report must include. Requires a licensee to file a report when certain events occur. Indicates that the department may consider one of the events to constitute grounds for suspension or revocation of a license.

Sec. 06.50.320. Requires a licensee to maintain its records at the location for which the licensee has the license. Establishes certain criteria for the records. Allows the department access to the records. Requires the licensee to retain advance records for two years after the last entry on the advance. Requires a licensee to retain advance records for at least two years after judgment in or settlement of a court action on the advance.

Sec. 06.50.330. Directs the department to examine the records of a licensee. Allows the department to examine a licensee's advances, business transactions, and records. Requires the licensee to provide the department with access to the licensee's offices,

places of business, and records. Requires a licensee to pay for an hourly examination rate. Gives the department certain other investigative powers. Allows the department to apply to the superior court to compel compliance with a subpoena or to compel testimony.

Sec. 06.50.400. Establishes certain requirements for advances, including a written signed agreement, a form approved by the department, certain disclosures, and prohibition of a particular waiver.

Sec. 06.50.410. Sets a maximum amount that a licensee may advance to one recipient at one time.

Sec. 06.50.420. Prohibits a licensee from inducing or permitting a recipient to divide advance amounts or to become indebted for more than one advance at one time in order to obtain more origination fees.

Sec. 06.50.430. Prohibits a licensee from accepting collateral or services as security or payment for an advance.

Sec. 06.50.440. Sets the minimum length of an advance.

Sec. 06.50.450. Prohibits a licensee from making an advance to someone acting on another's behalf.

Sec. 06.50.460. Establishes the fees that a licensee may charge. States that these fees are considered earned at the time of the advance and may not be prorated. Prohibits a fee to access the advance money.

Sec. 06.50.470. Sets the minimum term of an advance renewal. Prohibits renewing an advance more than two consecutive times. Prohibits renewal fees from being greater than the fees under sec. 06.50.460(a).

Sec. 06.50.480. Permits a recipient to rescind an advance without cause. Sets the conditions for the rescission.

Sec. 06.50.490. Prohibits requiring a recipient to agree to mandatory arbitration.

Sec. 06.50.500. Requires a licensee to post a notice in each business location that discloses the licensee's fees. Establishes some criteria for the notice.

Sec. 06.50.510. Requires a licensee to provide a disclosure statement before disbursing funds. States what the disclosure must contain.

Sec. 06.50.520. Indicates how a licensee may pay the advance amount to the recipient.

Sec. 06.50.530. Indicates how a recipient may repay an advance. States when the advance is paid in full. Prohibits a licensee from accepting payment from the proceeds of another advance by the same licensee.

Sec. 06.50.540. Sets the conditions for a licensee collecting certain fees when a recipient's payment is returned unpaid.

Sec. 06.50.550. When a recipient defaults, requires a licensee to take certain steps before assigning the payment obligation for collection and before initiating a court action. Allows a licensee to initiate a court action to recover damages and costs allowed under AS 09.68.115 if the licensee satisfies with certain conditions. Sets a maximum on the damages and costs that may be recovered.

Sec. 06.50.560. Prohibits a licensee from threatening a recipient with criminal action as a result of the recipient's default.

Sec. 06.50.600. Authorizes the department to adopt regulations for the chapter.

Sec. 06.50.610. Limits the application of the chapter if it is preempted by or conflicts with federal law. States that this chapter governs if it conflicts with another state law.

Sec. 06.50.900. Defines terms for the chapter.

Section 4. Adds the department's licensing and regulation of persons making advances to the administrative adjudication portion of the Administrative Procedure Act.

Section 5. Establishes some transitional provisions for the new chapter to cover current persons who are in the business of making advances.

Section 6. Establishes some transitional provisions for the department to start adopting regulations for the new chapter.

Section 7. Gives sec. 6 an immediate effective date.

Section 8. Gives secs. 1 - 5 an effective date.

If I may be of further assistance, please advise.

TLB:lmb
04-121.lmb

Cash Alaska submission for Compass Piece, Anchorage Daily News, March 9, 2004.
by: Joe Davidson, General Manager, Cash Alaska, 1415 Gambell, Anch, Ak 99501
907 277-8224 (ph); 907 277-5204 (fax).

Payroll Advance Loans Can Prevent Bigger Problems

In my opinion, the Executive Director of AkPIRG, made an excellent case in his Compass article for passing the newly amended bill, CSHB389, regulating payday lending in Alaska. Although I am not personally aware of any payday lending nightmares such as he mentions in his article, I've read of similar situations that have occurred Outside prior to regulation. Currently 38 states are regulated by state statute. This new version, which has been worked on by the Attorney Generals office and the Alaska State Division of Banking and Securities, would go a long way toward eliminating potential abuses in Alaska.

Because the bill would limit rollovers to just two, fees would be held to a reasonable limit, and payday lending would be in line with it's stated intent of small, short-term cash advances against a person's next pay check. Generally people use these advances for an unexpected bill or to cover a temporary cash shortfall. In our experience at Cash Alaska, we find that most people don't rollover their advances but pay them off within the 15 day term. The majority of our customers utilize payday advances 5 or fewer times total over the course of 12 months, below the national average.

Most of us have bounced a check at one time or another and are aware that the average Alaskan NSF bank charge is \$18 with an additional merchant charge of \$25. Not only is the \$30 fee for a \$200 advance, as mentioned in the Compass article, a good financial alternative to paying the total of \$43 NSF charges occurring from just one bounced check but it can also prevent additional financial problems. In Alaska, paying rent late by 3 days can cost up to \$100; a credit card late fee can start at \$29; and late payment on a utility bill could result in a temporary loss of service, a late fee, and new hook-up charges. For most people facing a temporary cash shortage, a payday advance is the best alternative available in the marketplace.

AkPIRG suggests people could take ATM advances against their credit cards or take out a small loan from a bank or credit union. Although most payday advance customers have credit cards, they are often maxxed out. In Alaska and across the country, most banks and credit unions simply don't offer the small loans of \$500 and under because they aren't economically feasible for them, as they are far riskier and present more collection problems. In fact, the growth of the payday lending industry is a direct result of meeting a consumer demand in the financial services market that wasn't being met by more traditional lending institutions.

The article accurately reported that payday lending is unregulated in the State of Alaska. However, Cash Alaska operates under the \$500 exemption in the Small Loans Act which has been affirmed by both a court case and in writing by the Division of Banking and Securities. The industry could continue to operate legally regardless of whether a law passes this year or not. Isn't it better that Alaska, like other states, enact these consumer protections and regulate the industry rather than continue to allow unsupervised lending?

STATE LAW GOVERNING DEFERRED DEPOSIT SERVICES/PAYDAY ADVANCE

STATES	Deferred Deposit Available under Law	Permitted Fees	Permitted Period	Max. Amount of Check
Alabama	Yes	17.5% of the amount advanced	min. of 10 days and max. or 31 days	\$500
Arizona	Yes	15% of the check	min. of 5 days	\$500
Arkansas	Yes	10% of the check + \$10 charge + \$5 fee on 1st transaction	min. of 6 days and max. of 31 days	\$400
California	Yes	15% of the check	max of 30 days	\$300
Colorado	Yes	20% of the 1st \$300 - 7.5% on amt greater than \$300	max. of 40 days	\$500
Delaware	Yes	rate determined by parties	max. of 60 days	\$500
DC	Yes	scale of fees	max. of 31 days	\$1,000
Florida	Yes	10% of advance + \$5 verification fee	min. of 7 days and max. of 31 days	\$500
Hawaii	Yes	15% of the check	max. of 32 days	\$600
Idaho	Yes	rate determined by parties	term determined by parties	\$1,000
Illinois	Yes	N/A	max of 30 days	\$400
Indiana	Yes	15% of the check on the 1st \$100; 10% over \$100; fee cannot exceed \$35	min. of 14 days	\$400
Iowa	Yes	15% of the check on 1st \$100; 10% on subsequent \$100 increments	max. of 31 days	\$500
Kansas	Yes	scale of fees	max. of 30 days	\$860
Kentucky	Yes	\$15 per \$100 on face amt of check	min. of 14 days and max. of 60 days	\$500
Louisiana	Yes	16.75% of the check	max. of 30 days	\$350
Michigan	Yes *	n/a	n/a	n/a
Minnesota	Yes	scale of fees	max. of 30 days	\$350
Mississippi	Yes	18% of the check	max. of 30 days	\$400
Missouri	Yes	no limit, but total fees, inc rollovers, can't exceed 75% of loan	min. of 14 days and max. of 31 days	\$500
Montana	Yes	cannot exceed 25% of amount advanced	max. of 31 days	\$300
Nebraska	Yes	\$15 per \$100 on face amt of check	max. of 31 days	\$500

Nevada	Yes	rate determined by parties	term determined by parties	1/3 of borrower's
New Hampshire	Yes	rate determined by parties, however, after initial term of loan interest can't be > 6% per yr.	min. of 7 days and max. of 30 days	\$500
New Mexico	Yes *	rate determined by parties	term determined by parties	\$2,500
N. Dakota	Yes	20% of amount borrowed	max. of 45 days inc rollover period	\$500
Ohio	Yes	\$5 per \$50 + 5% per month	cannot exceed 6 months	\$500
Oklahoma	Yes	\$15% of the 1st \$300 + 10% on amount greater than \$300	min. of 13 days and max. of 45 days	\$500
Oregon	Yes	rate of loan determined by parties	max. of 60 days	\$50,000
Rhode Island	Yes	10% of the check or \$5, whichever is greater	fixed term of 14 days	\$300
S. Carolina	Yes	15% of the check	max. of 31 days	\$300
S. Dakota	Yes *	rate determined by parties	term determined by parties	N/A
Tennessee	Yes	15% of check or \$30, whichever is lesser	max of 31 days	\$500
Texas	Yes	scale of fees	no less than 7 days	N/A
Utah	Yes	rate determined by parties	term determined by parties	N/A
Virginia	Yes	15% of advance amt	min. of 7 days	\$500
Washington	Yes	15% of the principal on first \$500 borrowed; 10% on amount of \$500	max. of 45 days	\$700
Wisconsin	Yes *	rate determined by parties	term determined by parties	\$25,000
Wyoming	Yes	\$30 or 20% per mo. on the principal balance of check	one calendar month	no statutory cap
Alaska Proposed Draft	Yes	15% of the amount advanced	min. of 15 days	\$1,000

Deferred deposit services are not permitted under state law in the following jurisdictions: Connecticut, Georgia, Maine, Maryland, Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, Vermont, and West Virginia.

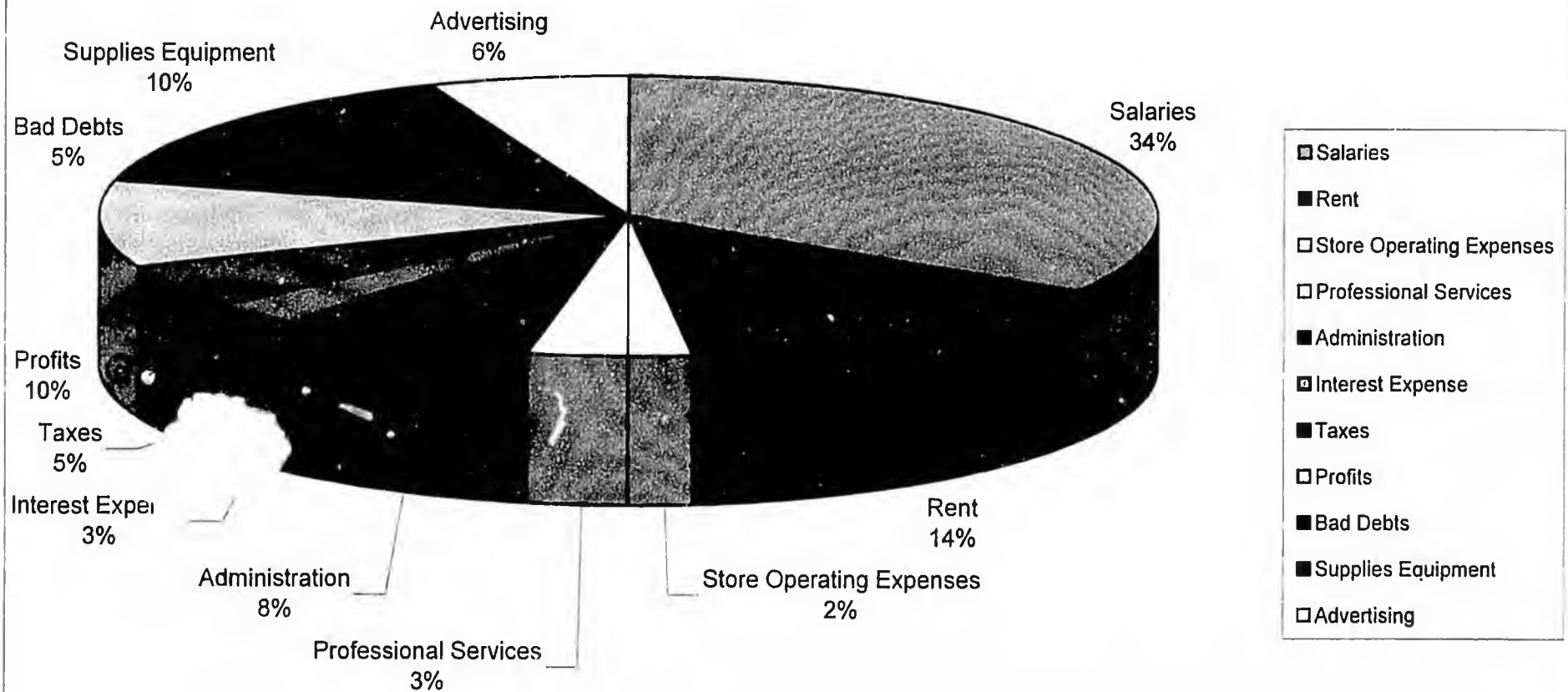
* States regulated by Small Loan Acts or Dept of Commerce
Data current as of 10/03 per Financial Services of America (FISCA)

COMPARISON OF CSSB272 TO CURRENT LAW

*Submitted by:
CASH Alaska*

	CSHB389 DEFERRED DEPOSIT BILL	CURRENT STATUS
REGULATION	Specifically, and by law	Operates under Small Loan Act Exemption of \$500
AUDIT & INVESTIGATIONS	By Division of Banking & Securities	None
REGULATORY OVERSIGHT	State Division of Banking & Securities	None
STATISTICS/REPORTS	Submissions to Division of Banking	None
ADVANCE LIMIT	\$500	\$500
ROLLOVERS	Limit of 2	No Limit
ALLOWABLE FEE	\$15/ \$100 advanced - \$5 origination fee	Decided by individual lenders
TERMS OF ADVANCE	Minimum of 14 days	Between lender and consumer
CONSUMER PROTECTIONS	<p>Right of Rescission mandated</p> <p>Required disclosure of charges, interest, terms, penalties, and rights</p> <p>Certified mailing to borrower offering payment plan option before legal action</p> <p>Payment plan option for up to 6 months with no add'l charge except \$25 fee</p>	<p>No Right of Rescission required</p> <p>Annual Percentage Rate only</p> <p>Legal action 15 days after notification by mail to consumer</p> <p>Between lender and consumer</p>
PENALTY FOR BAD CHECK	Limits penalty to \$700	Limits penalty to \$1000

Where do fees for Deferred Deposit Advance Services go?



Data for this chart compiled by the Check Cashers Association of New, based on data from a public filing with the Securities Exchange Commission by a company offering deferred deposit services in several mid-west states.



CHECK CASHERS ASSOCIATION OF NEW YORK, INC.
 500 Fifth Avenue, Suite 2410, New York, NY 10110, 212-268-1911, Fax 201-487-3954

OFFICERS:

James Eustace, *President*
 Matthew Bardach, *Vice President*
 Jay Brodsky, *Treasurer*
 Andrew Boisselle, *Secretary*

EXECUTIVE DIRECTOR:

Henry F. Shyne

GENERAL COUNSEL:

Gerald Goldman

PLATINUM ASSOCIATE

MEMBERS:

- Cashpoint Network Services
- Chase Manhattan Bank
- Marshall & Sterling, Inc.
- Most Distribution Services, Inc.
- The Pay-O-Matic Corporation
- Travelers Express/MoneyGram™
- Western Union® Financial Services

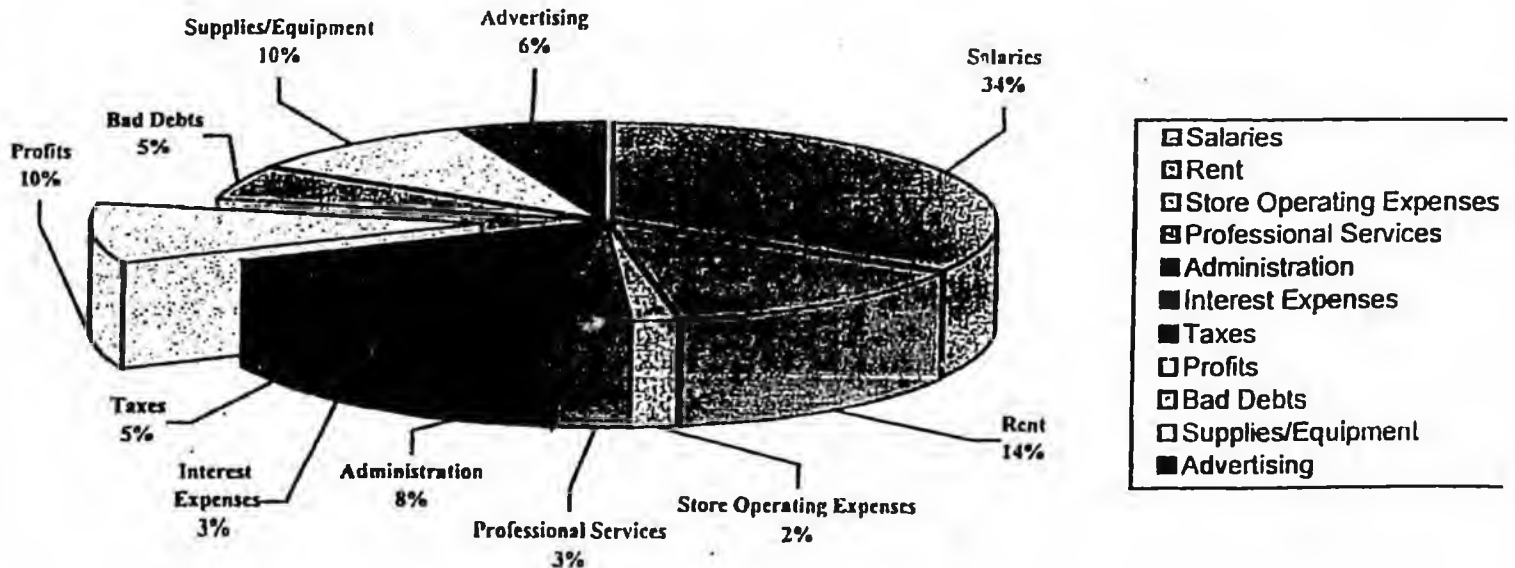
The Costs of Providing Emergency Advance Services

The businesses that will provide Emergency Advance services are primarily small, family run operations. A number of factors play a part in determining the cost of providing this vital service to working New Yorkers. The legislation supported by the Check Cashers Association of New York calls for a \$15 fee per \$100 advanced. This would be among the lowest rates charged for deferred deposit services in the country and far lower than the \$25 to \$40 now charged by some out of state lenders advertising services to New York residents.

The Check Cashers Association of New York State has reviewed available data from several sources to determine how much licensed check cashers would expect to make on each transaction. This included reviewing a study from the State of Tennessee, a government filing made by a company that operates 250 check cashing outlets in the Midwest and other available data. Each of these sources confirm that the single largest expense area for check cashers would be the salaries paid to people working at the outlets in New York. Based on the \$15 fee per \$100 advance proposed in the New York legislation, the data uncovered by the Check Cashers Association of New York indicates that **New York businesses providing Emergency Advance services would earn only \$1.50 to \$3.00 on each \$100 transaction.**

Where do fees for Emergency Advance Services go?

(Data for this chart was obtained from a public filing with the Securities and Exchange Commission by a company offering deferred deposit services in several states, including Kentucky, Tennessee, Missouri and Illinois.)



Cost Comparison

CONSUMER DILEMMA

A consumer who is between paydays and has insufficient savings must immediately pay a \$50 utility bill and a \$50 minimum

OPTIONS

OPTION#1
\$100 Deferred
Deposit Advance

\$15 TOTAL

OPTION#2
2 late
payments

\$50 reconnect fee to utility company
\$29 late fee to credit card company

\$79 TOTAL

**PLUS TEMPORARY LOSS OF
UTILITY AND NEGATIVE
EFFECT ON CREDIT RECORD**

OPTION#3
2 bounced
checks

\$22 NSF Fee to Bank
+\$25 Fee from Vendor
\$47 in Fees Per Check
X 2 Checks

\$94 TOTAL

**PLUS STIGMA OF
WRITING BAD CHECK**

Alaska AK Payday Loan Online

Alaska Payday Loans & Cash Advance

[Apply Now](#) \$ [How it Works](#) \$ [Security & Privacy](#) \$ [Questions](#)

\$500 Alaska Payday Loan

No Credit Check, No Application Fee

U.S. Personal Cash Advance will give alaska residence up to a \$500.00 payday loan just by simple filling out a payday loan online form. We specialize in giving you cash until payday loans to help your financial needs. If your Alaska and need an instant cash payday loan you can start now and receive your payday cash advance instantly! It quick and simple at **U.S. Personal Cash Advance!** To begin just click the "Start" button below to start your fast payday loan online.

Give Me A Cash Payday Loan

U.S. Cash the only way to get a Payday Loan online Quickly

[<Alaska Payday Loan Start Here>](#)

SERVING PAYDAY LOANS ACROSS AMERICA

EZPayDayCash.com
 "The easiest way to get your payday loan!"



FEES

EZPaydaycash charges \$25 per \$100 advanced to you.

Schedule of Fees

Annual Percentage Rate (APR)

Term Loan Amount (in days)	\$200		\$300		\$400		\$500	
	Fee	APR	Fee	APR	Fee	APR	Fee	APR
7	\$50	1303.57%	\$75	1303.57%	\$100	1303.57%	\$125	1303.57%
8	\$50	1140.62%	\$75	1140.62%	\$100	1140.62%	\$125	1140.62%
9	\$50	1013.88%	\$75	1013.88%	\$100	1013.88%	\$125	1013.88%
10	\$50	912.50%	\$75	912.50%	\$100	912.50%	\$125	912.50%
11	\$50	829.54%	\$75	829.54%	\$100	829.54%	\$125	829.54%
12	\$50	760.42%	\$75	760.42%	\$100	760.42%	\$125	760.42%
13	\$50	701.92%	\$75	701.92%	\$100	701.92%	\$125	701.92%
14	\$50	651.78%	\$75	651.78%	\$100	651.78%	\$125	651.78%
15	\$50	608.33%	\$75	608.33%	\$100	608.33%	\$125	608.33%
16	\$50	570.31%	\$75	570.31%	\$100	570.31%	\$125	570.31%
17	\$50	536.76%	\$75	536.76%	\$100	536.76%	\$125	536.76%
18	\$50	506.94%	\$75	506.94%	\$100	506.94%	\$125	506.94%
19	\$50	480.26%	\$75	480.26%	\$100	480.26%	\$125	480.26%
20	\$50	456.25%	\$75	456.25%	\$100	456.25%	\$125	456.25%
21	\$50	434.52%	\$75	434.52%	\$100	434.52%	\$125	434.52%
22	\$50	414.77%	\$75	414.77%	\$100	414.77%	\$125	414.77%
23	\$50	396.74%	\$75	396.74%	\$100	396.74%	\$125	396.74%
24	\$50	380.21%	\$75	380.21%	\$100	380.21%	\$125	380.21%

Terms & Conditions

Parties. In this Loan Note and Disclosure ("Note") you are the "Borrower". We are Avantis Financial, LLC ("Lender"), a South Dakota LLC, licensed as South Dakota Money Lender. This Note and Disclosure may also be referred to as the "Agreement".

Amount of Cash Advance Loan. You may be eligible and apply for a loan from \$150 to \$500 in \$50 increments. The exact amount of the loan amount, if any, will be determined by a variety of factors including, but not necessarily limited to, your ability to repay the loan, your current income, and your checking account status. We do not discriminate based upon age, sex, race, ethnicity, gender, national origin, or handicap.

Fee Schedule. You will be charged a flat fee of \$30 per one hundred dollars advanced to you. There will be no discount or refund of the Finance Charges if you repay your loan early.

Promise to Pay. You promise to pay to us or to our order, in one payment, on the date indicated in the Payment Schedule, the Total of Payments. On or after the day your loan comes due you authorize us to effect one or more ACH debit entries to your Account at the Bank. You may revoke this authorization at any time up to 3 business days prior to the due date. However, if you timely revoke this authorization, you authorize us to prepare and submit one or more checks drawn on your Account to repay your loan when it comes due. If there are insufficient funds on deposit in your Account to effect the ACH debit entry or to pay a check or otherwise cover the loan payment on the due date, you promise to pay us all sums you owe by mailing a check or Money Order payable to: Avantis Financial, LLC.

Return Item Fee. You agree to pay \$30 if an item in payment of what you owe is returned unpaid or an ACH debit entry, the authorization for which was not properly revoked by you, is rejected by the Bank for any reason.



GET YOUR
PAYDAY LOAN

- HOME
- MEMBERS
- NEW CUSTOMERS
- HOW IT WORKS
- FAQ
- ABOUT US
- FEE SCHEDULE
- FINANCIAL TIPS
- CONTACT US
- QUIK REWARDS

Fee Schedule

		Loan Amounts available depending on your earnings & approval				
		\$100	\$200	\$300	\$400	\$500
Term in Days	Annual Percentage Rate	Finance Charge				
4	1825.00%	\$20	\$40	\$60	\$80	\$100
5	1460.00%	\$20	\$40	\$60	\$80	\$100
6	1216.67%	\$20	\$40	\$60	\$80	\$100
7	1042.86%	\$20	\$40	\$60	\$80	\$100
8	912.50%	\$20	\$40	\$60	\$80	\$100
9	811.11%	\$20	\$40	\$60	\$80	\$100
10	730.00%	\$20	\$40	\$60	\$80	\$100
11	663.64%	\$20	\$40	\$60	\$80	\$100
12	608.33%	\$20	\$40	\$60	\$80	\$100
13	561.54%	\$20	\$40	\$60	\$80	\$100
14	521.43%	\$20	\$40	\$60	\$80	\$100
15	486.67%	\$20	\$40	\$60	\$80	\$100
16	456.25%	\$20	\$40	\$60	\$80	\$100
17	429.41%	\$20	\$40	\$60	\$80	\$100
18	405.56%	\$20	\$40	\$60	\$80	\$100



Webmasters: Click Here to earn money with Quik Payday

How to determine your Due Date

All loan due dates must be on your payday. The minimum number of days a loan can be taken for is 4 days. The maximum number of days a loan can be taken for is 18 days.

- If you get paid once a week: You must use the subsequent payday.
- If you get paid twice a month or every other week: You must use your next payday. If your next payday is less than 4 days away then you must use the following payday.
- If you get paid once a month: If your payday is less than 18 days away then you must use your next payday. If your payday is over 18 days away you can only take the loan for 18 days. You can extend your loan on the loan due date until your next payday. The maximum term for a Quik Payday loan is 18 days.

COMPARISON OF CSHB389 TO CURRENT LAW

Distributed by
Sen. Cowdery

	CSHB389 DEFERRED DEPOSIT BILL	CURRENT STATUS
REGULATION	Specifically, and by law	Operates under Small Loan Act Exemption of \$500
AUDIT & INVESTIGATIONS	Minimum every 18 months	None
REGULATORY OVERSIGHT	State Division of Banking & Securities	None
STATISTICS/REPORTS	Submissions to Division of Banking	None
ADVANCE LIMIT	\$500	\$500
ROLLOVERS	Limit of 2	No Limit
ALLOWABLE FEE	\$15/ \$100 advanced - \$5 origination fee	Decided by individual lenders
TERMS OF ADVANCE	Minimum of 14 days	Between lender and consumer
CONSUMER PROTECTIONS	<p>Right of Rescission mandated</p> <p>Required disclosure of charges, interest, terms, penalties, and rights</p> <p>Certified mailing to borrower offering payment plan option before legal action</p> <p>Payment plan option for up to 6 months with no add'l charge except \$25 fee</p>	<p>No Right of Rescission required</p> <p>Annual Percentage Rate only</p> <p>Legal action 15 days after notification by mail to consumer</p> <p>Between lender and consumer</p>
PENALTY FOR BAD CHECK	Limits penalty to \$700	Limits penalty to \$1000

Subject: SB 272 Payday Lending

Date: Wed, 21 Apr 2004 21:51:13 -0800

From: Frank Puschak <fjp111@corecom.net> to SB272

To: Senator_Con_Bunde@legis.state.ak.us, Senator_Fred_Dyson@legis.state.ak.us,
Senator_Ben_Stevens@legis.state.ak.us, Senator_Lyman_Hoffman@legis.state.ak.us,
Senator_Gary_Wilken@legis.state.ak.us, Senator_Lyda_Green@legis.state.ak.us,
Senator_Donny_Olson@legis.state.ak.us

HB389 is the companion bill
to SB272

First, I should that I am a state employee, a bank examiner in the Division of Banking, Securities, and Corporations. I did help revise the House version of payday lending - HB 389. However, I am writing as a private citizen.

Although it is not perfect, it is a start. At present payday lending is done through a loophole in the Small Loans Act. People whose circumstances use this service have no protection. The basis for this bill is abuses reported in Fairbanks. About 40 states have adopted laws regulating this type of lending. What ensures consumer protection is the statutory authority of the Division of Banking, Securities, and Corporations.

Under AS 06.01.030 the Division can issue cease and desist orders to stop violations or potential violation of the statute. Under AS 06.01.035 penalties for violations of institutions regulated by the Division include misdemeanors, felonies, fines, or civil penalties. This bill allows the customer to cancel a transaction as well as be advised of where to go for complaints and problems - the Division of Banking, Securities, and Corporations.

The fiscal note is another matter. The Division of Banking, Securities, and Corporations is a profit center - it generates more than it spends. Unfortunately, the Division is not on a program receipts basis. If that were so, it could support the fiscal note without the need for the additional revenue the bill brings in through fees and licensing. Although all revenue generated by the Division goes directly to the general fund, the bill does bring in revenue through application fees, examination fees, and licensing. It protects the less financially capable Alaska citizens and is deserving of your approval.

One final note - HB 389 has a lower limit to obtain information on stockholders - 10 percent. I encourage you to adopt the 10 percent limit to obtain information on stockholders. The 10 percent limit is the standard in our banking statutes, Title 6, as well in federal statutes. This threshold gives regulators a more comprehensive picture of persons who can affect the management or board of directors, and to whom we can look to financially support the entity if needed.

If you wish any further information, I would be pleased to provide it. Thank you for your consideration.

SENATE FINANCE COMMITTEE

SIGN-IN

SB 272-DEFERRED DEPOSIT ADVANCES (PAYDAY LOANS)

NAME: Terry Lutz Subject/Bill No: SB 272
Co./Dept./Title: Div. Banking Phone: 465-2521
Address: 150 3rd St Zip: 99811

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

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

4/27/04 PM

SENATE FINANCE COMMITTEE

SIGN-IN

SB 272-DEFERRED DEPOSIT ADVANCES (PAYDAY LOANS)

NAME: PAT LUBY Subject/Bill No: SB 272
 Co./Dept./Title: AARP ADVOCACY DIRECTOR Phone: 907-762-3314
 Address: 3601 C ST #1426 A/A Zip: 99503
 Do you wish to testify? Yes No Respond To Questions

NAME: Deborah S Yink Subject/Bill No: SB 272
 Co./Dept./Title: CASH ALASKA Phone: 9072480785
 Address: 6234 Tonawanda Dr. Zip: 99502
 Do you wish to testify? Yes No Respond To Questions

NAME: Terry L Lutz Subject/Bill No: SB 272
 Co./Dept./Title: Dir. of Banking, Sec. of State Phone: 465-5447
 Address: 180 3rd St JENNESEN Zip: 99811
 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

4/27/04
AM
~~not to~~
did not
testify in
AM

SENATE FINANCE COMMITTEE

SIGN-IN

SB 272-DEFERRED DEPOSIT ADVANCES (PAYDAY LOANS)

✓ NAME: PAT LUBY Subject/Bill No: SB 272
Co./Dept./Title: AARP Adv. Director Phone: 907-762-3318
Address: 3601 CST #1420 A/A 99503 Zip: _____
Do you wish to testify? Yes No Respond To Questions

✓ NAME: Deborah Fink Subject/Bill No: SB 272
Co./Dept./Title: Cash Alaska Phone: 907 2480785
Address: 6234 Tanaina Dr. Zip: 99502
Do you wish to testify? Yes No Respond To Questions

NAME: Tetty Lutz Subject/Bill No: SB 272
Co./Dept./Title: DIU BANKING, SEC. & CO. INC. Phone: 5447
Address: 150 3rd ST Zip: 99811
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

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 1/21/04

FURTHER: Finance

Date of 5-Day Notice: 4/1/04
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 4/21/04

Labor and Commerce Committee considered SENATE BILI. NO. 272

SB 272 DEFERRED DEPOSIT ADVANCES (PAYDAY LOANS)

"An Act relating to certain monetary advances in which the deposit or other negotiation of certain instruments to pay the advances is delayed until a later date; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 272 (LEC)
- 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#
DCEO	4/21/04	✓			1

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:		DO PASS	DO NOT PASS	NO REC	AMEND
Seekins	<i>Sam Seekins</i>			✓	
Davis	<i>Betty Davis</i>				✓
French	<i>[Signature]</i>		X		
G Stevens	<i>[Signature]</i>			✓	
Bunde	CHAIR: <i>C Bunde</i>			✓	

Bill History/Action Display



BILL: SB 272

SHORT TITLE: DEFERRED DEPOSIT ADVANCES
(PAYDAY LOANS)

BILL VERSION:

CURRENT STATUS: (S) FIN

STATUS DATE: 04/21/04

SPONSOR(s): RLS

HEARING: (S) FIN Apr 27 9:00 AM SENATE FINANCE 532 TELECONFERENCE

TITLE: "An Act relating to certain monetary advances in which the deposit or other negotiation of certain instruments to pay the advances is delayed until a later date; and providing for an effective date."

Bill Root: [Display Bill Root](#) [Next Bill](#)

[Full Text](#) [Fiscal Notes](#)

[Committee Action with Bill History](#)

Jrn-Date	Jrn-Page	Action
01/21/04	1972	(S) READ THE FIRST TIME - REFERRALS
01/21/04	1972	(S) L&C, FIN
04/21/04	2982	(S) L&C RPT CS 1DNP 3NR 1AM NEW TITLE
04/21/04	2982	(S) NR: BUNDE, SEEKINS, STEVENS G;
04/21/04	2982	(S) DNP: FRENCH; AM: DAVIS
04/21/04	2982	(S) FN1: (CED)
04/21/04	2982	(S) REFERRED TO FINANCE

Similar Subject Match or Exact Subject Match

- BUSINESS
- CONSUMER AFFAIRS
- CREDIT
- FEES
- FINANCE
- FINANCIAL INSTITUTIONS
- LICENSING
- LOANS
- REGULATIONS

Bill Root: [Display Bill Root](#) [Next Bill](#)

[To Report Problems with Basis Inquiry](#)

[Live KTOO Streams](#) 

[Return to Basis Main Menu \(23 Legislature\)](#)

[Return to Legislature Home Page](#)

SB

273

HFIN

FILE

HOUSE COMMITTEE REPORT

4.30.04

(11)

Date Referred to Committee: April 6, 2004

FURTHER REFERRALS:

Date of Committee Action: 4/30/04

Rules

The FINANCE Committee considered:

CSSB 273(FIN)

CS FOR SENATE BILL NO. 273(FIN)

ASMI BOARD/ SEAFOOD TAXES & ASSESSMENTS

"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; and providing for an effective date."

Recommends it be replaced with HCS or CS for ^{CS} SB 273 (FIN)
 For Senate Bills with new title: Technical Title New Title: HCR Same Title New Title

- attach amendments
- add new referral to _____ Committee
- Letter of Intent _____ Committee

List of Abbrev for Depts.:
 ADM
 CED
 COR
 CRT
 EED
 DEC
 DFG
 GOV
 IISS
 LEG
 LAW
 LWF
 MVA
 DNR
 DPS
 REV
 DOT
 UA

NEW FISCAL NOTES				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
GOV	5	✓		

PREVIOUS FISCAL NOTES				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
REV	3		✓	

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
<i>K. M...</i>	Mayer	6		5	
<i>MD. Haw...</i>	Hawker	X		X	
<i>Bill Stoltz</i>	STOLTZ			X	
<i>Frank...</i>	Frank			X	
<i>Chris...</i>	CHRIST			✓	
<i>Carl E. Moses</i>	MOSES			X	
<i>Chennault</i>	Chennault	X			
<i>Fate</i>	Fate	✓			
<i>Foster</i>	FOSTER	X			
<i>Norris</i>	Norris	✓			
<i>Williams</i>	Williams	X			

CO
 CU

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						
TOTAL OPERATING	0.4	0.0	0.0	0.0	0.0	0.0

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

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

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)						
TOTAL	0.4	0.0	0.0	0.0	0.0	0.0

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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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

THE
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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

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^d 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
CONSTITUTION	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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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

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



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:
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Juneau, Alaska 99801-1182
(907) 465-4925
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Senator Gary Stevens

Alaska State Legislature

INTERIM ADDRESS:
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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
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
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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.

*

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.

*

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.

*

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

Page 4

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.

*

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

Sincerely

