

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672

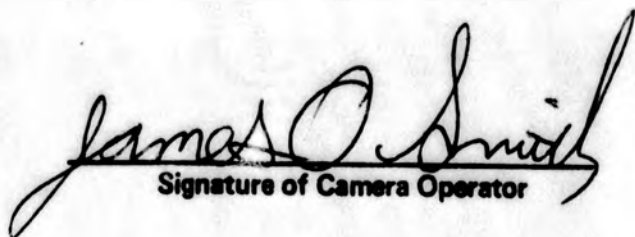
1189 SCOMM 36: HOUSE SPEC. COMMITTEE ON FISHERIES 1983-84



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#36:10

IDENTIFICATION	BILL NAME An Act amending the Limited Entry Act; and providing for an effective date.		BILL NUMBER HB ~~354~~ 376
	SPONSOR(S) By the Rules Committee By request of the Governor.		DATE INTRODUCED 4/21/83
			RELATED BILLS PENDING
INITIAL RESEARCH	INITIAL SUMMARY COMPLETED		LEGAL DIVISION SUMMARY
	SPONSOR CONTACTED FOR BACKUP MATERIALS		DEPT OF LAW SUMMARY
			FISCAL NOTE Dept. of Fish & Game
	AGENCY RESPONSE		OTHER INTERESTED LEGISLATORS NOTIFIED
	BACKGROUND RESEARCH	SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES	
RESPONSES FROM INTERESTED PERSONS AND/OR GROUPS			
HEARING PREPARATION	CHAIRMAN BRIEFED		DATE & PLACE SET
	STAFF MEMO TO COMMITTEE		TELECONFERENCE
	BACKGROUND MATERIAL DISTRIBUTED		PSA/PRESS RELEASE
	LIST OF WITNESSES		SUGGESTED AMENDMENTS/CS DRAFTED

COMMITTEE REPORT

HOUSE

RESOURCES

FURTHER:

(7)

4/25/83

Date:

May 10, 1983

Mr. Speaker:

HOUSE SPECIAL COMMITTEE ON FISHERIES

The Committee on _____ has had HB 376

"An Act amending the Limited Entry Act; and providing for an effective date."

under consideration and reports it back as follows:

- ☒ do pass ☐ do not pass
- ☐ do pass with attached amendments(s)
- ☐ replace with CS for _____ ☐ same title
☐ new title
- and recommends _____
- ☐ AND attaches a "Letter of Intent" ☐ No Fiscal Note
☐ Zero Fiscal Note Attached
- ☐ reports it back without recommendation
- ☐ referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Adelbert Herrman
Patricia
John Miller

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Rep. Adelbert Herrman
CHAIRMAN

Introduced: 4/21/83
Referred: House Special Committee
on Fisheries and Resources

IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

HOUSE BILL NO. 376

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act amending the Limited Entry Act; and providing
for an effective date."

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

* Section 1. AS 16.43.040 is amended by adding a new subsection to
read:

(b) The commission shall adopt regulations to provide for break-
ing tie votes in the event that only two commissioners are participat-
ing in an adjudication.

* Sec. 2. AS 16.43.100(a) is amended by adding a new paragraph to read:

(16) establish reasonable user fees for services.

* Sec. 3. AS 16.43.110 is amended to add a new subsection to read:

(e) The commission shall adopt regulations to provide for the
correction of administrative error.

* Sec. 4. AS 16.43.150(a) is amended to read:

(a) Each entry permit authorizes the permittee to operate a unit
of gear within a specified fishery [ADMINISTRATIVE AREA].

* Sec. 5. AS 16.43.150(f) is amended to read:

(f) Except for permits which are not transferable under AS 16.-
43.170(c) or (e), an [AN] entry permit survives the death of the
holder.

* Sec. 6. AS 16.43.150(h) is amended to read:

(h) Upon the death of an entry permit holder, the permanent
permit shall be transferred by the commission directly to the surviv-
ing spouse by right of survivorship unless the deceased holder has

expressed a contrary intent in a will which is probated [A CONTRARY INTENT IS MANIFESTED]. When no spouse survives, the rights of the decedent pass as part of his estate.

* Sec. 7. AS 16.43.170(b) is amended to read:

(b) Except as provided in (c) and (e) of this section, the holder of an entry permit may transfer his permit to another person or to the commission upon 60 days notice of intent to transfer under regulations adopted by the commission. No sooner than 60 days nor later than 12 months from the date of notice to the commission, the holder of an entry permit may transfer his permit. A proposed transferee must demonstrate present ability to actively participate in the fishery. [IF THE PROPOSED TRANSFEREE, OTHER THAN THE COMMISSION, CAN ESTABLISH PRESENT ABILITY TO PARTICIPATE ACTIVELY IN THE FISHERY, THE COMMISSION SHALL APPROVE THE TRANSFER AND REISSUE THE ENTRY PERMIT TO THE TRANSFEREE.]

* Sec. 8. AS 16.43.260(a) is amended to read:

(a) The commission shall accept applications for entry permits only from applicants who have harvested fishery resources commercially while participating in the fishery as holders of gear licenses issued under AS 16.05.536 -- 16.05.670 and interim-use permits under AS 16.43.210(a) before the qualification date established in (d) or (e) of this section. The commission may specify by regulation the calendar years of participation that will be considered for eligibility purposes.

* Sec. 9. This Act takes effect immediately in accordance with AS 01.10.070(c).

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

Page 1 of 2

I. REQUEST

Bill/Resolution No.: HB 376
Title: An Act amending the Limited Entry Act.
Sponsor: Governor
Requestor: Resource Committee

II. FISCAL DETAIL

Agency Affected: Dept. of Fish & Game
Program Category Affected: Fish, Res. Conserv.
BRU, Program of Subprogram(s) Affected:
Commercial Fisheries Entry Commission

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL: There will be no negative fiscal impact. The bill streamlines existing language in Title 16 of the statutes enabling the commission to operate more effectively.

IV. ANALYSIS: Attach a separate page for any Analysis (see attachment)

Prepared By: Derrill L. Johnson
Division: CFEC

Phone: 465-4081
Date: 04/11/83

Approved by Commissioner: John Williams
Department: Commercial Fisheries Entry Commission (ADF&G)

Date: 04/11/83

Distribution:

Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

Section 1 instructs the commission to adopt regulations providing for measures to be taken in instances where a tie vote occurs in the adjudication of a permit application.

Section 2 grants the commission the power to charge reasonable fees to defray the costs of service it renders to members of the public.

Section 3 instructs the commission to issue regulations governing the correction of its administrative error, as, for example, where an applicant has been mistakenly credited with points for vessel ownership when the applicant did not own a vessel.

Section 4 is a technical change reflecting the fact that AS 16.43.380(3), which defines the term "fishery", was amended in 1981 to provide that a fishery may cover more than one administrative area.

Section 5 is intended to clarify in AS 16.43.150(f) what is already apparent elsewhere in the Limited Entry Act, namely that the permit of "minor economic hardship" applicant under AS 16.43.250(c), which permits are expressly non-transferable does not survive the death of the holder, and cannot be transferred in any way after his death.

Section 6 tightens up the "contrary intent" language in the existing law such that a permit will go directly to the deceased permit holder's surviving spouse unless the permit holder made other provision for its disposition in a valid will.

Section 7 is intended to end the possible ambiguity in the current language of AS 16.43.170(b) and make clear that the commission is not obligated to approve a permit transfer whenever the proposed transferee can show the present ability to actively participate. Under the proposed language of Section 7, the commission will plainly be able to disapprove a transfer when it would be improper, as, for instance, if the transfer is a lease forbidden by AS 16.43.150(g).

Section 8 is intended to give the commission discretion in determining what years are to be considered in setting eligibility to apply in a newly limited fishery. Under the law as currently interpreted, anyone who has ever held an Alaska gear license (first issued in 1960) in a given fishery is eligible to apply if that fishery is limited. As 1960 becomes increasingly distant, and the character of the State's fisheries changes, it is increasingly inappropriate to allow eligibility based on participation that may be twenty-five years in the past. The proposed amendment to AS 16.43.260(a) will give the commission the necessary flexibility.

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 21, 1983

The Honorable Joe L. Hayes
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill proposing technical amendments to the Limited Entry Act, AS 16.43. These amendments are necessary to assure the continued smooth functioning of the limited entry program.

Section 1 of the bill deals with the potential problem of deadlocks when only two members of the Commercial Fisheries Entry Commission are participating in an adjudication. It instructs the commission to adopt regulations providing for measures to be taken in this situation.

Section 2 of the bill grants the commission the power to charge reasonable fees to defray the costs of services it renders to members of the public, such as processing permit transfer applications.

Section 3 of the bill instructs the commission to adopt regulations governing the correction of its administrative errors, as, for example, where an applicant has been mistakenly credited with points for vessel ownership when the applicant did not own a vessel. This section will not allow the commission to undo discretionary determinations made by previous members of the commission. Nor will it require the commission to reopen closed applications when a court determines that the commission has misinterpreted a statute or regulation.

Section 4 of the bill is a technical change reflecting the fact that AS 16.43.380(3), which defines the term "fishery", was amended in 1981 to provide that a fishery may cover more than one administrative area.

Section 5 of the bill slightly modifies existing AS 16.43.150(f), which states flatly that an entry permit survives the death of its holder. Revised section 150(f) would provide that permits held by persons who qualified as "minor economic hardship" applicants under AS 16.43.250(c) -- persons with minimal ties to the fishery in which they hold permits -- cease to exist when their holders die. These permits are currently non-transferable under AS 16.43.170(e) before the commission sets an optimum number under AS 16.43.290 in a fishery (unless the commission estimates that the number of permits outstanding in that fishery does not exceed the optimum number); they are transferable after the optimum number is set, but only to the commission under AS 16.43.170(c).

Section 6 of the bill modifies the "contrary intent" language in the existing law to make clear that, if there is a surviving spouse, the permit of the deceased permit holder will go directly to that surviving spouse unless the holder has made other provision for the permit's disposition in a valid will that has been probated. This modification should assure that the Limited Entry Act is construed consistently with Alaska's probate code, and that questions of probate law are left to the courts rather than to the Commission.

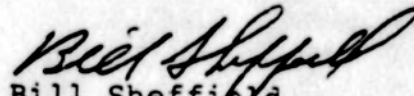
Section 7 of the bill is intended to end the possible ambiguity in the current language of AS 16.43.170(b) and make clear that the commission is not obligated to approve a permit transfer solely because the proposed transferee can show the present ability to actively participate. Under the amendments in sec. 7, even if a transferee demonstrates the ability to participate, the commission will plainly be able to disapprove the transfer if it would be improper, as, for instance, if the transfer is a lease forbidden by AS 16.43.150(g).

Section 8 of the bill is intended to give the commission discretion in determining what years are to be considered in setting eligibility to apply for an entry permit in a newly-limited fishery. Under the law as currently interpreted, anyone who has ever held an Alaska gear license (first issued in 1960) in a given fishery is eligible to apply if that fishery is then limited. This has not been a problem to date. But as 1960 becomes increasingly distant, and the character of the state's fisheries changes, it will be increasingly inappropriate to allow eligibility based on participation that may be 25

years in the past. The proposed amendment to AS 16.43.260(a) will give the commission necessary flexibility.

I urge your prompt action on this bill.

Sincerely,


Bill Sheffield
Governor

HOUSE SPECIAL COMMITTEE
ON FISHERIES
May 3, 1983
4:10 p.m.

Members Present: Rep. Herrmann, Chairman
Rep. Bussell
Rep. Goll
Rep. Grussendorf
Rep. McBride
Rep. Zharoff

Members Absent: Rep. Fuller, Vice-Chair

COMMITTEE CALENDAR

SSHB 381: "An Act relating to wholesale prices for salmon; and providing for an effective date."

HB 382: "An Act relating to fees for salmon limited entry and interim-use permits; and providing for an effective date."

HB 376: "An Act amending the Limited Entry Act; and providing for an effective date."

WITNESS REGISTER

Rick Lauber
Alaska Manager
Pacific Seafood Processors Association
120 W. 1st. Street
Juneau, Alaska 99801
586-6366

Cass Parsons
Executive Director
United Fishermen of Alaska
319 Seward Street
Suite 208
Juneau, Alaska 99801
586-2820

Norm Staton
Department of Revenue
Pouch SA
Juneau, Alaska 99811
465-2371

Bob Kessel
Director

Division of Audit
Department of Revenue
Pouch SA
Juneau, Alaska 99811
465-2320

Dick Reynolds
Department of Commerce and Economic Development
Pouch D
Juneau, Alaska 99811
465-2018

Alan Stein
Fisherman
Box 535
Petersburg, Alaska 99833
586-5922 (Juneau)

PREVIOUS ACTION

HB 376: 4/21/83 - First Reading.

Committee referrals - Fisheries, Resources
and Rules Committees.

Governor's transmittal letters appears on
page 973 of the House Journal.

Fiscal note with analysis appears in House
Supplement No. 44.

No previous action in Fisheries Committee.

HB 381: 4/28/83 - First Reading.

Committee referrals - Fisheries, Resources
and Rules Committees.

No previous action in Fisheries Committee.

HB 382: 4/26/83 - First Reading.

Committee referrals - Fisheries, Resources
and Rules Committees.

No previous action in Fisheries Committee.

ACTION NARRATIVE

TAPE#35
Recording

Number 0001

Chairman Herrmann called the Special Committee on Fisheries meeting to order at 4:10 p.m. She announced the first order of business; SSHB 381 and informed the committee that the bill had been discussed in a work session in the past.

Chairman Herrmann said with certain contracts between fishermen and processors, there needs to be a process by which the wholesale prices for salmon are determined and gathered, benefitting both parties involved. She called upon Rick Lauber to begin his testimony.

Number 0030

Rick Lauber representing the Pacific Seafood Processors Association (PSPA) began his testimony by stating that the Chair was correct in stating that interest was sparked in this type of legislation because of agreements that have recently been made that have involved a sliding scale. However, in the discussion with parties involved with this piece of legislation, it appears that this reason is a rather almost insignificant portion of the intent behind the effort to obtain wholesale price information. It seems there is a feeling that by obtaining information on the price that product has been sold for in the past will somehow enable one to determine what would be the price that should be paid for in the future.

Mr. Lauber addressed the "contracts" that have or will be signed that involve the reporting of wholesale prices. In the first place, those contract while they make reference to a state report, they also have provisions in them for the obtaining of that information by other means. He stated that he would like to consider that as an alternative that would be more advantageous to all concerned.

Mr. Lauber said that there had been a lot of discussion in the past about quality control and quality products in the seafood industry. If a fisherman is going to be paid based on a statewide average, it would seem that he would have little interest in presenting the product to his buyer in prime condition. Whereas, if the price that the fisherman was going to be paid on the sliding scale was related directly to the

sale price that that buyer would get for the product when they sell it, the fisherman would take more interest in the product than they would if it was going to be lumped together with hundreds of other buyers into a statewide average.

Mr. Lauber stated that he didn't want to minimize the importance of these "contracts", the processors are in favor of any type of a contract that would make for an early settlement and do away with price disputes.

Some areas of the state do have these types of agreements, but there is a lack of agreement with some fishermen, certain processors and other areas of the state. Some have no interest or inclination to go into this type of agreement. Until these parties do go into these agreements, it is imposing the will of a few upon the many. This bill is requiring that fishermen and processors that have no interest in this type of agreement, comply with a state law that will be imposed upon them. He then stated that he was in favor of fishermen and processors bargaining collectively and coming up with a settlement agreement that they feel comfortable with, but the majority of the fishermen have not signed such contracts.

Under the existing law, it is required that canned pink salmon prices be reported because Prince William Sound has a contract of this type and has had for a number of years. There was a dispute and a controversy over a piece of legislation a number of years ago which would require something similar to SSHB 381, but a compromise was reached that fishermen and processors would report if there was a request for such a report. At that time, there was a statewide forecast of catch of 105,000,000 and 5,000,000 of that was forecasted for Prince William Sound. That meant that Prince William Sound wished to impose on the rest of the state what they all should do which is something that the rest of the fishermen don't necessarily care to do. Since the time that bill passed, and all processors in the State of Alaska are now having to report all of their wholesale

prices for canned pink salmon.

Prince William Sound does not like those statewide figures, so they have made an agreement with their processors to get a second report. So now there is a situation existing today where all processors are having to report pink salmon wholesale prices for canned salmon and the organization that asked for it is using another method of obtaining the information that they want for purpose of payment by means of a sliding scale.

Mr. Lauber further stated that he felt that this same situation is going to happen again. There is a provision in these contracts that allows the fishermen can request an audit be done on the processor, and its very likely that is what they will do. If the fishermen want those figures and the processors want them to have them and the contract provides for this, they should make provisions to obtain this information. Not based upon what one processor in some district pays, but what the processor in that fisherman's district pays.

The other reason for obtaining these prices is that somehow by having the past year's prices, this is going to assist in the next year's negotiations. The most recent prices are of some value, but to have average prices of the previous years would be of no value. This information has been available in the past and if the processors thought it would be of some value to compile this information, they would have. There are many other significant factors; such as the inventory on hand, the volume on the market, labor costs, taxes, cost of cans, cost of freight, cost of warehousing the product, and the incidental costs imposed by other government mandates, that affect the prices.

Mr. Lauber said this legislation is something that some people think is going to help them but in actuality, it will just be imposing another layer of government on an industry without any benefit. With the money that it will take to compile the information it will not be cost effective. He spoke on the proposed amendment concerning the promotional discounts and

explained how the promotional discounts work with the retailers that they sell to. He said this allowance is needed for the processors to be able to give these discounts in order to sell the salmon to the consumers through the retailer's promotional efforts.

He spoke on the section of SBHB 381 that is a statutory letter of intent calling for a study to be made on whether it would be feasible to require reporting on other product forms. He did not feel that it would be feasible to have this type of reporting.

Number 0364

Chairman Herrmann thanked Rick Lauber for his testimony and opened it up for questions from the committee members.

Number 0365

Rep. McBride commented on Mr. Lauber's statement regarding the past information not being of value for future prices and said he may agree with him, but part of the reason for collecting this information was to be of value in having some kind of information credible to both parties to decide what the final price should be in order for the fishermen to get their sliding sale payment. He said this part of the collecting of information would be valid.

Number 0377

Rick Lauber stated that he did not believe it would be valid, and explained that the individuals who have the "contacts" and are financially interested in obtaining correct information as to what the product was sold for, should be interested in knowing what the product that they fished for and sold to the processor was sold for on the market. This information can and is being obtained from the processor by the fishermen, rather than lumping that in to the statewide average. The fishermen would be encouraged to deliver a quality product if he knew he would benefit from it.

Number 0416

Rep. Bussell asked Mr. Lauber what percent of the fishermen of the state would benefit from this data.

Number 0419

Rick Lauber stated that he wasn't ready to admit that they would benefit at all and that he wasn't sure exactly how many would

be affected by this data.

Number 0436

Rep. Bussell asked Mr. Lauber what other method was available to obtain information to satisfy the requirement of these contracts or people wanting it.

Number 0440

Rick Lauber stated that the only way other than what SSHB 381 would require, would be to obtain it from the individual processor company. These contracts have provisions for doing this. There are a number of different ways of obtaining this information but they aren't all accurate. There are alternatives that give close figures.

Number 0471

Rep. Bussell then asked what benefit to the state this information would be?

Number 0473

Mr. Lauber stated that he didn't see any benefit himself but it has been sold to the state as a way to do away with the striking by fishermen. All of the contracts have the provision of permitting an audit for the fishermen who want it. Settlements have been reached in certain areas of the state, he didn't feel that SSHB 381 is necessary.

Number 0488

Rep. Bussell then commented that he resisted setting up another area of bureaucracy without any benefit to the state. He did not see any assurances that there won't be any striking if SSHB 381 is passed.

Number 0507

Chairman Herrmann thanked Rick Lauber for his testimony and announced the next witness to testify, Cass Parsons.

Number 0519

Cass Parsons, Executive Director of United Fishermen of Alaska began her testimony. HB 381 serves two purposes; it authorizes the Department of Revenue to collect wholesale price information on all species of canned salmon, and secondly; it authorizes a study to determine the costs and benefits, methodology, and appropriate state agencies for collecting wholesale information on fresh, frozen, and cured salmon products, as well as canned. This is important for two reasons; first, the wholesale price determined by this method assists fishermen and processors in settling prices which more accurately reflects the true worth of the product, thus avoiding strikes.

Historically, wholesale price information collected by the Department of Revenue has been used by fishermen in Bristol Bay, Price William Sound, Kodiak, and Sand Point. This average price has a wide reaching impact.

The wholesale average price is used in two ways; in addition to market conditions such as inventories, expected levels of supply, and estimates of demand, the wholesale value of the product establishes a base price for the raw salmon. Some fishermen are payed just a base price, others negotiate a base price plus a formula adjustment which reflect the actual average wholesale value of products sold during a certain time period of the coming year. The other primary purpose of compiling this information is to provide data which serves as a basis for any seafood market analysis. This data also allows the state to determine the value of the resource and eventually to determine the cost to its citizens by subsidies to the industry and the actual costs to consumers. In addition it determines the benefits received from employment by the industry.

The study authorized by this legislation is vital to our goals to provide fishermen with an accurate wholesale value alternative on which to base prices, and of providing the necessary data for a market analysis. Fresh, frozen and cured salmon products now comprise over 50% of the total salmon production and thus should be included in determining the wholesale value of salmon. But a system for collecting and compiling the information needs to be devised.

Ms. Parsons then commented on the statement made by Rep. Bussell regarding another layer of bureaucracy. She said that the information is presently being collected by the Department of Revenue for canned pink salmon prices. It would just expand the collection to the rest of the canned species.

Number 0575

Chairman Herrmann thanked Cass Parsons for her testimony and introduced Bob Kessel and Norm Staton, Department of Revenue.

Number 0577

Norman Staton, Special Assistant to the

Commissioner, Department of Revenue said the Department wouldn't have problems complying with whatever is decided on this issue. The concerns of the department are the availability of that information and how well they can compile it to make it something worthwhile. Another concern is Section 3 of SSHB 381 which says that the Department of Commerce and Economic Development in conjunction with the Commercial Fisheries Entry Commission shall submit to the legislature a report. He asked that the Department of Revenue who is compiling that information, be included in making this report to the legislature on the study. We may have some insight to give since we are doing the collecting and compiling. In regard to the section that would call for elimination of duplication of reports on fish processors and commercial fishermen, Mr. Staton stated that the Department of Revenue is already collecting information on this.

Number 0613

Bob Kessel, Director, Division of Audit, addressed Section 1 of the bill which requires that no later than April 30 of each year a processor shall submit a report. He said that the department could not report to the legislature by the 60th day and suggested that it be changed to something more reasonable. The second item of concern was the packaging and marketing section of the bill. He suggested that item 2 (48 lb. case of one-half pound cans - 96 cans) be changed to 24 lb. case of one-half pound cans - 48 cans; and item 3 "48 lb. case of one-quarter pound cans - 192 cans" be changed to 12 lb. case of one-quarter pound cans - 48 cans.

The third item that he addressed was the comment relating to the fiscal note. This bill expands the reporting from canned pink salmon to all canned salmon and provides for a semi-annual report on a monthly basis.

Tape 36
Recording
Number 0001

Rep. McBride asked Mr. Kessel if he felt there was a need of more manpower or a change in the legislation to give him the ability to make some audits.

Number 0012 Bob Kessel said he didn't think they needed to change the legislation to give the ability to do audits the Department can already do that. The manpower that is currently dedicated to the wholesale average price reporting is taken from the fisheries business tax and so it's just diversion of current staffing into another area that we rally don't have staffing for.

Number 0023 Rep. McBride asked if it would dilute the information if the department didn't have the ability to audit.

Number 0027 Bob Kessel replied by saying it's consistency and uniformity are needed to come up with correct pricing mechanisms.

Number 0036 Chairman Herrmann thanked the witnesses for their testimonies and introduced Dick Reynolds as the next witness.

Number 0046 Dick Reynolds of the Department of Commerce and Economic Development began his testimony by explaining their fiscal note on SSHB 381. He stated that he estimated the level of time and energy that would be reasonable for data collection and recording and that its simply an estimate of the kind of size of study that he judged would be necessary to do that work which is being required. There is an interest in the Department for these figures.

Number 0083 Rep. McBride stated that there have been studies made in the past on the problems and therefore, each year what may develop into being the market. Do you see this kind of thing being a help to the process you've gone through so far in past studies or are there other things that should be asked for, instead of or in addition to?

Number 0097 Dick Reynolds said the more information the people in Alaska have about the full range of the fish business, the better off we're going to be.

Number 0110 Rep. Bussell asked Mr. Reynolds if he knew how the magazine "Pacific Fishermen" got it's data? (Rick Lauber had stated in his testimony the magazine's information was accurate).

Number 0113	Dick Reynolds answered by saying that the magazine calls up the processor and asks them.
Number 0115	Rep. Bussell then asked if he thought it was accurate information.
Number 0117	Dick Reynolds guessed that it was fairly accurate but doesn't have a sequence that can be followed over a period of time. It is just a range of the product overall. It's just used by the magazine to give an impression to it's readers of what is happening in the market. This particular statistic would not be valuable to the fishermen for negotiations.
Number 0149	Rep. Bussell stated that under the scheme in the bill, they're not going to know anything about it either because the wholesale prices are going to be put together and an average taken.
Number 0151	Dick Reynolds stated that he agreed with him and said that the average would be used as a gauge by the fishermen for their contracts, negotiations, or arrangements. As far as validity, this will be covered in the study.
Number 0166	Rep. Goll asked if any of these types of studies have been made in the past or any international marketing studies have been conducted.
Number 0175	Dick Reynolds explained some of the ways of selling in Europe and Asia. Actions are also considered actual sales.
Number 0192	Rep. McBride commented that information in a magazine may be accurate information on what something sold for today but it may not have any relation to the total price. Other factors are considered in determining the wholesale average.
Number 0210	Chairman Herrmann thanked Mr. Reynolds and announced the witness; Alan Stein.
Number 0214	Alan Stein, fisherman and broker, said the difficulties of this bill are because of an absence of a central market. He addressed Section 3 as difficult regarding the collection of wholesale prices for fresh, frozen, and cured. Laundering of money

needs to be addressed. Another area of problem is the question of when these figures will be available to be used in price negotiations; this should be addressed in the bill. Last year 80% was frozen and fresh, 20% was canned. This may be a trend that is going to continue. He stated that he didn't want to condemn the bill outright but he felt there were a few problems with it.

Number 0289

Rep. Goll asked Mr. Stein if he could rephrase some of these points and express some recommendations.

Number 0296

Mr. Stein said that in Section 3 it should be stated when the information will be available for negotiations.

Number 0316

Chairman Herrmann stated the date for reporting is stated on the first page, not later than October 31 of each year a processor shall submit a report for the period April 1 - September 30.

Number 0325

Alan Stein said that not enough of the pack would be sold by then to make the prices useful for areas throughout the state.

Number 0330

There was discussion on the reporting date.

Number 0335

Rep. Goll asked if Mr. Stein had any ideas as to handling the laundering of money.

Number 0339

Alan Stein didn't feel there was any way of dealing with this unless there is an examination of the processors scale contract or invoice. How can you take into account when a processor is payed by other means than money?

Number 0349

Rep. McBride pointed out that "wholesale price" is defined in the bill to include all receipts, whether in the form of money, credits, or other considerations.

Number 0353

Alan Stein asked how the other considerations would be reported.

Number 0365

Chairman Herrmann thanked Mr. Stein for his testimony and said at the next meeting, the questions will be answered; after we have time to work on them.

Number 0369

Rep. Grussendorf inquired about the fiscal note of Department of Commerce and Economic Development. He asked Mr. Reynolds why there was only a fiscal note for FY '84.

Number 0374

Dick Reynolds stated that he was just complying with Section 3 which requires a report be made during the Second Session of the 13th Alaska State Legislature.

Number 0379

Rep. McBride asked if the information would be available to the public previous to the deadline in the bill for reporting to the legislature.

Number 0398

Chairman Herrmann said the committee staff would have answers to the question that were unanswered at the next meeting and also stated that HB 382 and HB 376 will be taken up at the next meeting.

Number 0403

There being no further business to come before the committee, Chairman Herrmann adjourned the meeting at 5:20 p.m.

HOUSE SPECIAL COMMITTEE
ON FISHERIES

May 5, 1983

4:06 p.m.

Members Present: Rep. Herrmann, Chairman
Rep. Fuller, Vice-Chair
Rep. Grussendorf
Rep. McBride
Rep. Goll

Members Absent: Rep. Bussell
Rep. Zharoff

COMMITTEE CALENDAR

SSHB 381: "An Act relating to wholesale prices for
salmon; and providing for an effective
date."

HB 376: "An Act amending the Limited Entry Act; and
providing for an effective date."

WITNESS REGISTER

Rep. Clocksin
State Capitol Building
Pouch V
Juneau, Alaska 99811
465-3704
Position Statement: In favor of SSHB 381.

John Williams
Chairman/Commissioner
Commercial Fisheries Entry Commission
Department of Fish & Game
Pouch KB
Juneau, Alaska 99811
465-4081

Rick Lauber
Alaska Manager
Pacific Seafood Processors Association
120 W. 1st Street
Juneau, Alaska 99801
586-6366

John Gaguine
Assistant Attorney General
Department of Law
Pouch K
Juneau, Alaska 99811

465-3600

PREVIOUS ACTION

SSHB 381:

4/25/83 - First Reading.

Committee Referrals - Fisheries and Resources.

See Fisheries minutes of May 3, 1983.

HB 376:

4/21/83 - First Reading.

Committee Referrals - Fisheries and Resources.

Governor's Transmittal Letter appears on Page 973 of the House Journal.

Fiscal Note with Analysis appears in House Journal Supplement No. 44.

See Fisheries minutes of May 3, 1983.

ACTION NARRATIVE

TAPE#37
Recording
Number 0001

Chairman Herrmann called the meeting to order at 4:06 p.m., and announced the first order of business; SSHB 381. She explained a few areas of concern and further explained the intent of the bill. The following amendments were presented for consideration:

Page 2, Line 6 is amended to read:

(2) 24-pound case of one-half-pound cans (48 cans);

Page 2, Line 7 is amended to read:

(3) 12-pound case of one-quarter-pound cans (48 cans);

Page 2, Line 19 is amended to read:

Sec. 43.80.060. REPORT TO LEGISLATURE. Not later than the 15th.

Page 4, Line 4 is amended to read:

Commission and the Department of Revenue shall submit to the legislature a report on the possible

Page 4, Line 11 is amended to read:

(2) the appropriate methodology and procedures that could be used for

Chairman Herrmann announced Rep. Clocksin to testify.

Number 0102

Rep. Clocksin stated that he would be speaking in favor of SSHB 381. He explained that his testimony was based on his past experiences, working in fish camps and working for a law firm in Anchorage as an Attorney. This law firm represented Alaska Independent Fishermen's Marketing Association (AIFMA). He said his testimony was on behalf of himself and not any other individual or group. He explained the price settlements of AIFMA with the processors and stated that SSHB 381 makes wholesale information available to aid all parties in negotiations in order to eliminate the strikes. SSHB 381 is a very positive step that the legislature can take to help the fishermen of the State.

Number 0185

Rep. McBride commented that the information that will be gathered won't necessarily be from the fish that will be caught this year. There is still some of the 1981 pack remaining to be sold, which will defuse the information.

Number 0193

There was discussion on the stipulations in the bill and contracts between the fishermen and processors, that took into account the inventory of past year's canned salmon.

Number 0210

Discussion continues between committee members regarding the proposed amendments.

Number 0222

Rep. Grussendorf made a motion to adopt the amendments as submitted for purposes of discussion. All members were in favor.

Number 0227

Rep. McBride questioned Rick Lauber, who was present in the audience, regarding the case size proposed amendments as to whether it would be right to change.

Number 0237

Rick Lauber stated that he was in opposition to this particular section being amended. Historically the pack has been computed based upon a 48 pound case. After an explanation and discussion, it was decided that the two amendments regarding case size would be left out for the present time.

Number 0297

Rep. Grussendorf removed his motion to accept the proposed amendments and replaced the motion to accept the last three following proposed amendments:

Page 2, Line 19 is amended to read:

Sec. 43.80.060. REPORT TO LEGISLATURE. Not later than the 15th.

Page 4, Line 4 is amended to read:

Commission and the Department of Revenue shall submit to the legislature a report on the possible

Page 4, Line 11 is amended to read:

(2) the appropriate methodology and procedures that could be used for

There were no objections, motion carried.

Number 0308

Rep. McBride moved and asked unanimous consent that SSHB 381 with amendments be passed out of committee. No objections, motion carried.

Number 0313

Chairman Herrmann announced the next order of business; HB 376 and introduced John Williams to testify.

Number 0318

John Williams, Chairman of the Commercial Fisheries Limited Entry Commission said that the amendments to the Limited Entry Act, being proposed in HB 376 are described as solving problems that would otherwise come up at some point during the year. He then went on to explain each section of the bill.

Section 1 would allow the Commission to adopt regulations to provide for breaking tie votes when the Commission is adjudicating a claim.

Section 2 would be a means of covering some

of the costs of administering the Limited Entry Act to be born by the users of the services. One of the possible fees for the future would be a transfer fee to possibly encourage proper filling out applications for transfers.

Number 0356

Rep. Fuller asked how much of a fee there would be?

Number 0359

Mr. Williams stated that it would be in terms of about \$10.00. It would not be considered as a revenue maker, but would cover the costs for all the work involved with transfers. There are approximately 1200 transfers a year.

Number 0375

Rep. McBride commented that the reason for some of the applications not being filled out properly is because of a possible lack of education in the different areas of the state.

Number 0384

John Williams explained that the commission is working toward informing the fishermen of the rights, duties, responsibilities and risks involved in the transferring of permits.

Number 0395

Chairman Herrmann asked if the Commission's Togiak office handled transfers. Mr. Williams answered no and explained that Togiak was only a pilot project.

Number 0400

Section 3 is a correction to the statutes which the Department of Law has suggested. It would allow correction of administrative errors to be done legally.

Number 0415

Rep. Fuller asked how many administrative errors there were per year.

Number 0417

Mr. Williams said that there were about two dozen requests for reviews a year and about 4 - 5 errors are found by just looking over files. There was discussion on a few of the different errors.

Number 0448

Section 4 is a change in wording. From "Administrative Area" to "fishery", in order to make this section consistent with the new definition of "fishery".

Section 5 is also a technical correction.

It clarifies the intent for non-transferrable permits which do not survive the death of the holder.

Section 6 deals with probating estates. It originally stated that after the death of a permit holder, the permit went directly to the surviving spouse unless, "a contrary intent is manifested". This was changed to read, "the deceased holder has expressed a contrary intent in a will which is probated."

Number 0497

Rep. McBride questioned the wording of this section, regarding whether it would be legal and fully expresses the intent.

Number 0506

Mr. Williams stated that the language has been reviewed by the Department of Law; and then directed the question to John Gaguine, the Assistant Attorney General who was present in the audience.

Number 0510

John Gaguine answered by explaining that the will would say who the permit is to go to, and then stated he didn't feel there was a problem with the wording of this section.

Number 0522

John Williams continued with an explanation of Section 7 which presently says that if the proposed transferee can demonstrate present ability to participate actively in the fishery and doesn't presently hold a permit in that fishery, then the Commission must transfer that permit to him. This amendment removes the language that suggests that it is mandatory upon the Commission to approve a transfer if the person can show ability to fish. By this removal, the Commission may review every request for transfer according to the restrictions that are placed on legal transferability of permits.

Number 0537

Chairman Herrmann asked how long the review process would take for a transfer and would it be done on all transfers?

Number 0538

Mr. Williams stated that in most instances it would not take long at all. There are particular things that key the Commission's interests to review a certain transfer, like permits going back and forth between unrelated parties, or gift transfers between

unrelated parties. The Commission has adopted regulations which will become effective in October which will ask the parties involved in the transfer to submit to the Commission on paper what the agreement is to the transfer. Based upon on this written document, the Commission will decide whether it is consistent with the law.

Section 8 expands the power of the Commission to adopt the regulations for purposes of decaring an eligibility period. Mr. Williams went on to explain the purpose of this amendment.

Number 0598

Rep. Goll questioned Mr. Williams about the eligibility of people who missed a year or two, but had fished for years before and were denied the permit because of those years he missed.

Number 0607

Mr. Williams said that there will be a sufficient amount of points to still be intituled a permit, even if he misses a year of fishing. He explained that there is always a sufficient number of years involved in the requirements for a limited entry permit and that missing a year or two wouldn't make a difference. There is also the factor of whether that person would suffer a great deal of hardship because of his dependence on that fishery in which he did not acquire enough points.

Tape #38
Recording
Number 0001

Rep. Goll asked about serving in the military and missing the essential years.

Number 0002

Mr. Williams stated that the Commission recognizes the years spent in the military during a conflict or time of war, but does not qualify those years if it was military service during peace time. At this time it would be considered as a voluntary change of occupation.

Number 0019

Chairman Herrmann asked Mr. Williams if the Commission holds public hearings before they decide to limit a fishery.

Number 0022

Mr. Williams said that yes they do. The Commission would propose to the public a

maximum number to be established for that fishery an eligibility period, and a ranking system.

Number 0035

Chairman Herrmann asked if there were any further questions and said the intent of the Chair was to hold the bill over until May 10.

Number 0051

No further business to come before the committee, Chairman Herrmann adjourned the meeting at 5:01 p.m.

HOUSE SPECIAL COMMITTEE
ON FISHERIES
May 10, 1983
4:04 p.m.

Members Present: Rep. Herrmann, Chairman
Rep. Fuller, Vice-Chair
Rep. Grussendorf
Rep. Goll

Members Absent: Rep. Bussell
Rep. McBride
Rep. Zharoff

COMMITTEE CALENDAR

HB 376: "An Act amending the Limited Entry Act; and
providing for an effective date."
HB 393: "An Act relating to the operation of state-
owned salmon hatcheries."

WITNESS REGISTER

Thomas E. Mears
Executive Director
Cook Inlet Aquaculture Association
Box 3819
Soldotna, Alaska 99669
262-9419

Curt Kerns
Aquaculture Specialist
University of Alaska
11120 Glacier Hwy.
Juneau, Alaska 99801
789-4409

Stan Moberly
Director
Division of Fisheries Rehabilitation Enhancement
and Development (FRED)
Department of Fish & Game
P.O. Box 3-2000
Juneau, Alaska 99802
465-4163

Rep. Wendte
State Capitol Building
Pouch V
Juneau, Alaska 99811
465-4944

Dennis Kelso
Department of Fish & Game
Box 3-2000
Juneau, Alaska 99802
465-4100

PREVIOUS ACTION

HB 376: 4/21/83 - First Reading.

Committee Referrals - Fisheries and Resources.

Governor's Transmittal Letter appears on Page 973 of the House Journal.

Fiscal Note with Analysis appears in House Journal Supplement No. 44.

See Fisheries minutes of May 3 and 5, 1983.

HB 393: 5/2/83 - First Reading.

Committee Referrals - Fisheries, Resources, Finance and Rules Committees.

No previous action in Fisheries.

ACTION NARRATIVE

TAPE#39
Recording
Number 0001

Chairman Herrmann called the meeting to order at 4:04 p.m., and announced the first order of business; HB 393. She announced Thomas Mears to testify on the bill.

Number 0015

Thomas Mears, Executive Director of the Cook Inlet Aquaculture Association, stated that HB 393 directs the Commissioner of Fish & Game to lease state hatcheries but the bill does not specify whether it means specific hatcheries, any hatcheries, or all hatcheries. The bill directs transfer of state hatcheries if an application by a non-profit organization is submitted and if such hatcheries can be accomplished by the Department of Fish & Game. This bill as written is not comprehensive enough to accomplish the task of transferring any of the hatcheries in the state.

Mr. Mears explained the problems that happened last year with the appropriation bill which addressed the transferring of hatcheries by the Commissioner of the Department of Fish & Game.

In order for hatchery transfers to be accomplished, there needs to be a task force or working committee established to include the legislators, the Governor's Office, and the various commissioners and division directors. First of all, establish what the roles are going to be in the state's salmon enhancement program; for the FRED division of the Department of Fish & Game. The regional aquaculture associations, and the individual private non-profit operators. Once that broad framework is established, the committee should further research and search out a mechanism whereby a transfer of facilities can be accomplished.

Number 0137

Rep. Fuller asked if leasing was the answer or if surplusizing the property would be a better idea.

Number 0148

Thomas Mears agreed that handing over total control would be a better idea. The leasing arrangements have grave difficulties associated with them. There are a number of drawbacks such as; most facilities are unfinished, or require substantial upgrading or additions. Who is going to be responsible for the improvements? Under current regulations, a private non-profit operator cannot get a loan to prove a hatchery that he doesn't own.

Number 0184

Rep. Fuller asked Mr. Mears if some of the hatcheries were marginal or in question as to whether they were in a good position.

Number 0186

Mr. Mears said that of the hatcheries that the state has built, there are a limited number of them that fall within the guidelines as established for private non-profit hatcheries. Most important of the guidelines is, the hatchery has to be located in an area where a terminal harvest of those fish can be conducted just upon hatchery fish and not upon any wild fish in the area.

Number 0210

Rep. Fuller asked about the Cook Inlet

Aquaculture Association and the feeling of other associations regarding the concept of HB 393. Mr. Mears stated that they seemed to be agreeable with it.

Number 0240

Chairman Herrmann introduced Curt Kerns to testify.

Number 0241

Curt Kerns introduced himself as the Aquaculture Specialist for the University of Alaska. He began his testimony by explaining a recent project; a computer modeling of the Pacific Ocean. Indications are that the carrying capacity of the Pacific is only 10 fold greater than the current salmon output. The longterm average is about 300 million salmon a year, with Alaska having 100 million.

He explained what happened with the departments that eventually resulted in HB 393. Selectively transferring was the solution to the funding problems. The Regional Associations felt last year that only if there was a threat that the facilities would be closed, would they be willing to consider the transfer.

Number 0296

Chairman Herrmann asked Mr. Kerns if he was familiar with the state loan programs for hatcheries and asked if HB 393 would provide any money under the current loan programs for people who wanted to take over these hatcheries, or should it be specified in the bill.

Number 0301

Mr. Kerns said that he was familiar with the loan program for hatcheries. It specifies that as long as the interested party is a private non-profit corporation under the laws of the state, and has a permit to operate that facility, and establish financial feasibility, then it would be allowable to borrow the money.

Number 0320

Chairman Herrmann thanked Mr. Kerns and introduced Rep. Wendte as the next witness.

Number 0324

Rep. Wendte said he had read over HB 393 by request of the sponsor and would like to recommend two amendments. He recommended that Section 1. FINDINGS., read as follows:

The legislature finds that declining state

revenues and the newly imposed constitutional spending limit require a reduction in expenditures. (for state-operated salmon hatcheries). This reduction may (is likely to) result in the closure of (many, if not all,) state hatcheries. State hatcheries play...

Number 0363

Rep. Goll inquired whether the word "may" should be used in place of "shall" on Page 1, Line 20, to empower the Commissioner to transfer a hatchery and also allow for some discretion.

Number 0370

Rep. Wendte stated that there was also a bill relating to HB 393 which has been introduced in the Senate which does what Rep. Goll had suggested.

Number 0377

Dennis Kelso, Acting Deputy Commissioner of the Department of Fish & Game stated that the administration has not yet formulated a position on the role of hatcheries in the overall management of state fisheries resources. The Administration is not necessarily opposed to a private sector role through transfer or through other arrangement, but the policy questions involved in this are complex enough that we'd like to remain with no position until a broader look can be taken at the implications for managements as well as some of the use competition questions involved.

Mr. Kelso commented on Section 1 of HB 393 which is the FINDINGS section. He stated that the Governor has made it clear that fisheries are a high priority and the hatcheries program has done very well in the budget process in the Governor's Office. He stated that he didn't feel there would be difficulty in funding state hatcheries according to the Governor's statements and past funding in the budget cycle.

Other specific things that need to be addressed are:

1. hatcheries are not a single isolated tool in themselves, they're part of an overall management approach.

2. the current mix of production targets reflect the interests of several different

user groups; commercial, recreational, and etc...

3. different groups within the fishing communities have different views on the proper role of state hatcheries and the proper role of the private sector.

Mr. Kelso stated that the department suggests a forum be formed to address the full range of the complex issues.

He stated that with the present wording of Section 2, the Commissioner is compelled to make the transfer to any applicant who meets the standards identified in the bill. It does not provide for evaluation of capability for handling the hatchery facility at the level of current operation or with the particular species mix which may be deemed most appropriate. Other factors that are not addressed are; financial stability or long-term upkeep of the facility.

Mr. Kelso also stated that the department suggests that the committee consider the possibility of building a legislative role whenever there is a contemplated transfer.

Number 0505

Rep. Grussendorf was concerned about some of Mr. Kelso's statements. He said that there were contemplated changes to the FINDINGS section to say "therefore, it is in the public interest that those hatcheries identified by the legislature as not being cost efficient may be leased to non-profit aquaculture associations". There is also a letter of intent that was placed in the operational budget. This letter of intent would give the Department of Fish & Game a little more flexibility, that it was funded up to 50% until the end of this year for these transfers to take place. Allowing the department to come back to the legislature for a supplemental appropriation if a transferee is not found.

Number 0545

Mr. Kelso said that it would be a good idea for the legislature to take a look on a case by case basis at facilities that might be transferred and would be an ideal opportunity to get public input to give an idea of what kind of balance to strike

regarding species mix.

Number 0561

Rep. Grussendorf stated that as the bill is written it appears that all the hatcheries are up for grab. That certainly is not the intent of the legislature. He explained the situation with the hatcheries.

Number 0576

Rep. Goll asked what the reason was for including the Klawock hatchery in HB 393.

Number 0579

Rep. Grussendorf stated that there was some discussion on faulty construction design and also the the level of productivity. If there is no interest for take over by an aquaculture association, there will be a supplemental appropriation made in January 1984. The hatchery is doing quite well with coho salmon at the present time.

Number 0588

Rep. Goll agreed that the hatchery was doing well with coho salmon and questioned whether Klawock hatchery would be appropriate for inclusion in the bill.

Number 0592

Rep. Grussendorf stated that the reason for inclusion of this hatchery was the low level of productivity as well as the ultimate cost that it would take to finish the facility.

Number 0597

Mr. Kelso explained that when the Department makes a decision about how to fund a particular hatchery, we look at a number of factors related to productivity of that hatchery. We look at what the design capacity is; what some of the operating experiences have been; and what kind of investment in operating dollars and potential CIP money that would be required to make that hatchery operate at it's most cost effective level. Although Klawock hatchery has had some difficulties in terms of moving to its design capacity, it nevertheless has been productive with a mixture of species that have been in high demand.

Number 0607

Rep. Goll asked if the capital construction issue applies to the Klawock hatchery.

Number 0610

Stan Moberly said that all of the facilities that have been built have been built in a phase construction stage. The idea was that the broad stock development schedule was

going to take a period of time before reaching full production. It was not in the state's best interest to build complete adult capture facilities initially that wouldn't be used for 6-8 years down the line. Klawock hatchery falls into that categorie. It's actually a very good hatchery and has great potential as do the other three listed in HB 393. They are new hatcheries that will be the most cost effective when they are through their start up stages. He explained the past history of Klawock hatchery and what the present situation is there.

Tape #40
Recording
Number 0001

Rep. Goll asked how long it would take before Klawock hatchery would be self-sustaining in terms of its eggs.

Number 0003

Mr. Moberly explained that the smaller egg takes that preceded this last fall coupled with the natural escapement in the river we hole will suffice that facility for the next three years to give it 15 million eggs. The return from these eggs in three year will given the facility 60-70 million eggs. Therefore, reaching the design capacity, the long-term best interest for this hatchery is to persist with the use of the Klawock River chum salmon.

Number 0024

Rep. Goll said that he was told there was an issue with the Klawock hatchery involving the ownership of the land on which the facility sits. There may then be a problem with leasing. The owner would also have to agree in the lease. Is that correct?

Number 0030

Mr. Moberly said yes, the owner of the land would have to agree and further stated that this is true with several of the facilities. Either with a federal landlord or a Native Corporation landlord, and in one instance, a private landlord. He explained the lease situation with the Klawock hatchery.

Number 0050

Rep. Goll asked if that requires any modification on how its being addressed so far.

Number 0053

Mr. Moberly said, probably not, and went on to explain that the third party should be

addressed in the negotiations.

Number 0056

Rep. Grussendorf explained that the reason why Klawock hatchery was targeted was that during the budget negotiations, the Department of Fish & Game and the FRED Division were prepared to moth ball that operation because there were no funds for the operation except funding for maintenance.

Number 0075

Mr. Moberly explained what had brought about the offering up of Russell Creek and Klawock hatcheries.

Number 0103

Chairman Herrmann thanked Stan Moberly for his testimony and stated that the committee would be looking into the possibility of holding a teleconference on this topic. There was discussion on the teleconference.

Number 0123

Chairman Herrmann stated that it was the Chair's intent to pass HB 376 out of committee, which is next on the agenda.

Number 0127

Rep. Goll moved and asked unanimous consent to pass HB 376 out of committee with individual recommendations. No objection, so ordered.

Number 0133

No further business to come before the committee, Chairman Herrmann adjourned the meeting at 4:56 p.m.

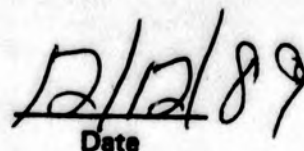


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#36:11

INITIAL RESEARCH	BILL NAME In Act relating to wholesale prices for canned salmon; and providing for an effective date.		BILL NUMBER HB 381
	SPONSOR(S) House Special Committee on Fisheries.		DATE INTRODUCED 4/26/83
			RELATED BILLS PENDING
			REFERRALS Resources
LEGAL DIVISION SUMMARY	INITIAL SUMMARY COMPLETED		
	SPONSOR CONTACTED FOR BACKUP MATERIALS		
	AGENCY RESPONSE		
	OTHER INTERESTED LEGISLATORS NOTIFIED		
BACKGROUND RESEARCH	SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES		OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, ETC
	RESPONSES FROM INTERESTED PERSONS AND/OR GROUPS		
HEARING PREPARATION	CHAIRMAN BRIEFED	DATE & PLACE SET	
	STAFF MEMO TO COMMITTEE	TELECONFERENCE	
	BACKGROUND MATERIAL DISTRIBUTED	PSA/PRESS RELEASE	
	LIST OF WITNESSES	SUGGESTED AMENDMENTS/CS DRAFTED	

COMMITTEE REPORT

HOUSE

(7)

FURTHER: RESOURCES

4/28/83

Date: May 5, 1983

Mr. Speaker:

HOUSE SPECIAL COMMITTEE ON FISHERIES

The Committee on _____ has had SSHB 381

"An Act relating to wholesale prices for salmon; and providing for an effective date."

under consideration and reports it back as follows:

☒ do pass ☐ do not pass

☐ do pass with attached amendments(s)

☒ replace with CS for SS HB 381 ☒ same title ☐ new title

and recommends do pass

☐ AND attaches a "Letter of Intent" ☐ New Fiscal Note

☐ reports it back without recommendation ☐ Zero Fiscal Note Attached

☐ referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Adelbert Herman
John McBride
John G. Allen

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Rep. Adelbert Herman
CHAIRMAN

Introduced: 4/26/83
Referred: House Special Committee
on Fisheries and Resources

BY THE HOUSE SPECIAL
COMMITTEE ON FISHERIES

IN THE HOUSE

HOUSE BILL NO. 381

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to wholesale prices for canned salmon; and providing for an effective date."

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

* Section 1. AS 43.80 is amended by adding new sections to read:

Sec. 43.80.050. REPORTING OF WHOLESALE CANNED SALMON PRICES.

(a) A fish processor engaged in the business of selling canned salmon products at wholesale shall submit to the department, on a form provided by the department, a semi-annual report of the prices received by the processor or an affiliate of the processor for the sale of canned salmon. Not later than April 30 of each year a processor shall submit a report for the period October 1 - March 31. Not later than October 31 of each year a processor shall submit a report for the period April 1 - September 30.

(b) A report submitted under this section shall specify for each sale to a buyer that is not an affiliate of the processor the name of the buyer; a description of the product sold, including the species of salmon and the unit-of-sale category; the quantity sold; and the wholesale price received. If a processor sells no canned salmon products during a reporting period the report for that period shall include only a statement of that fact.

(c) A sale to an affiliate of the processor may not be included in a report submitted under this section by a processor. However, a processor shall report each sale by an affiliate at wholesale of canned salmon that was obtained from the processor. The report

shall specify the name of the affiliate's buyer; a description of the product sold by the affiliate, including the species of salmon and the unit-of-sale category; the quantity sold by the affiliate; and the wholesale price received by the affiliate.

(d) Information shall be reported for the following unit-of-sale categories:

- (1) 48-pound case of one-pound cans (48 cans);
- (2) 48-pound case of one-half-pound cans (96 cans);
- (3) 48-pound case of one-quarter-pound cans (192 cans); and
- (4) 48-pound case of four-pound cans (12 cans).

(e) A person excluded from the fisheries business tax under AS 43.75.017 is exempt from the requirements of this section.

Sec. 43.80.055. WHOLESALE PRICE AVERAGES. (a) Based on the information provided in reports submitted under AS 43.80.050, the department shall determine the statewide average wholesale prices paid to fish processors and their affiliates for the sale of canned salmon.

(b) The department shall determine under this section the monthly and annual wholesale price averages for each species of canned salmon in each unit-of-sale category. An annual average is for a calendar year.

Sec. 43.80.060. REPORT TO LEGISLATURE. Not later than the 60th day of each regular legislative session the department shall submit to the legislature a report of statewide average wholesale canned salmon prices.

Sec. 43.80.065. CONFIDENTIALITY OF REPORTS. Information in reports submitted under AS 43.80.050, and price averages calculated by the department from the information in the reports, are public information, except that information that identifies or could be used to identify a particular fish processor is confidential and may be

1 released only to the Commercial Fisheries Entry Commission for the
2 purpose of carrying out the official business of the commission.

3 Sec. 43.80.095. PENALTY. The department may levy and collect a
4 civil penalty of \$50 per day on a fish processor that fails to submit
5 a report as required under AS 43.80.050.

6 Sec. 43.80.100. DEFINITIONS. In this chapter,

7 (1) "affiliate of the seller" means a person that directly
8 or indirectly, through one or more intermediaries, controls, is con-
9 trolled by, or is under common control with, the seller;

10 (2) "control" means

11 (A) owning directly or indirectly, or having the power
12 to vote, not less than 10 percent of any class of voting securi-
13 ties of a corporation; or

14 (B) influencing or affecting in any substantive manner
15 the election of a majority of the directors or trustees of a
16 corporation;

17 (3) "department" means the Department of Revenue;

18 (4) "fish processor" means a person engaging or attempting
19 to engage in a business for which a license is required under AS 43.-
20 75.010 - 43.75.055;

21 (5) "wholesale price" includes all receipts, whether in the
22 form of money, credits, or other consideration, from the sale of a
23 finished canned salmon product at less than retail, without deduction
24 for the costs of property sold, materials used, insurance, labor,
25 services, labeling, transportation, storage, interest, taxes, losses,
26 or any other expense except

27 (A) cash discounts allowed on sales, not to exceed one
28 and one-half percent; and

29 (B) commissions actually paid to independent brokers,

not to exceed five percent.

* Sec. 2. AS 43.80.035 is repealed.

* Sec. 3. This Act takes effect immediately in accordance with AS 01.-
10.070(c).

Introduced: 4/28/83
Referred: House Special Committee
on Fisheries and Resources

BY THE HOUSE SPECIAL
COMMITTEE ON FISHERIES

1 IN THE HOUSE

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 381

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to wholesale prices for salmon; and
7 providing for an effective date."

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

9 * Section 1. AS 43.80 is amended by adding new sections to read:

10 Sec. 43.80.050. REPORTING OF WHOLESALE CANNED SALMON PRICES.

11 (a) A fish processor engaged in the business of selling canned salmon
12 products at wholesale shall submit to the department, on a form pro-
13 vided by the department, a semi-annual report of the prices received
14 by the processor or an affiliate of the processor for the sale of
15 canned salmon. Not later than April 30 of each year a processor shall
16 submit a report for the period October 1 - March 31. Not later than
17 October 31 of each year a processor shall submit a report for the
18 period April 1 - September 30.

19 (b) A report submitted under this section shall, for sales to
20 buyers that are not affiliates of the processor, include a description
21 of the products and the quantity sold by species and unit-of-sale
22 category and the wholesale prices received. If a processor sells no
23 canned salmon products during a reporting period the report for that
24 period shall include only a statement of that fact.

25 (c) A sale to an affiliate of the processor may not be included
26 in a report submitted under this section by a processor. However, a
27 processor shall report sales by an affiliate at wholesale of canned
28 salmon that was obtained from the processor. The report shall include
29 a description of the products and the quantity sold by the affiliate

1 by species and unit-of-sale category and the wholesale prices received
2 by the affiliate.

3 (d) Information shall be reported for the following unit-of-sale
4 categories:

- 5 (1) 48-pound case of one-pound cans (48 cans);
- 6 (2) 48-pound case of one-half-pound cans (96 cans);
- 7 (3) 48-pound case of one-quarter-pound cans (192 cans); and
- 8 (4) 48-pound case of four-pound cans (12 cans).

9 (e) A person excluded from the fisheries business tax under
10 AS 43.75.017 is exempt from the requirements of this section.

11 Sec. 43.80.055. WHOLESALE PRICE AVERAGES. (a) Based on the
12 information provided in reports submitted under AS 43.80.050, the
13 department shall determine the statewide average wholesale prices paid
14 to fish processors and their affiliates for the sale of canned salmon.

15 (b) The department shall determine under this section the month-
16 ly and annual wholesale price averages for each species of canned
17 salmon in each unit-of-sale category. An annual average is for a
18 calendar year.

19 Sec. 43.80.060. REPORT TO LEGISLATURE. Not later than the 60th
20 day of each regular legislative session the department shall submit to
21 the legislature a report of statewide average wholesale canned salmon
22 prices.

23 Sec. 43.80.065. CONFIDENTIALITY OF REPORTS. Information in
24 reports submitted under AS 43.80.050, and price averages calculated by
25 the department from the information in the reports, are public infor-
26 mation, except that information that identifies or could be used to
27 identify a particular fish processor is confidential and may be re-
28 leased only to the Commercial Fisheries Entry Commission for the
29 purpose of carrying out the official business of the commission.

1 Sec. 43.80.095. PENALTY. The department may levy and collect a
2 civil penalty of \$50 per day on a fish processor that fails to submit
3 a report as required under AS 43.80.050.

4 Sec. 43.80.100. DEFINITIONS. In this chapter,

5 (1) "affiliate of the processor" means a person that di-
6 rectly or indirectly, through one or more intermediaries, controls, is
7 controlled by, or is under common control with, the processor;

8 (2) "control" means

9 (A) owning directly or indirectly, or having the power
10 to vote, not less than 10 percent of any class of voting securi-
11 ties of a corporation; or

12 (B) influencing or affecting in any substantive manner
13 the election of a majority of the directors or trustees of a
14 corporation;

15 (3) "department" means the Department of Revenue;

16 (4) "fish processor" means a person engaging or attempting
17 to engage in a business for which a license is required under AS 43.-
18 75.010 - 43.75.055;

19 (5) "wholesale price" includes all receipts, whether in the
20 form of money, credits, or other consideration, from the sale of a
21 finished canned salmon product at less than retail, without deduction
22 for the costs of property sold, materials used, insurance, labor,
23 services, labeling, transportation, storage, interest, taxes, losses,
24 or any other expense except

25 (A) cash discounts allowed on sales, not to exceed one
26 and one-half percent; and

27 (B) commissions actually paid to independent brokers,
28 not to exceed five percent.

29 * Sec. 2. AS 43.80.035 is repealed.

1 * Sec. 3. Not later than the 30th day of the Second Session of the
2 Thirteenth Alaska State Legislature, the Department of Commerce and
3 Economic Development in conjunction with the Commercial Fisheries Entry
4 Commission shall submit to the legislature a report on a plan for the
5 development of a program to determine wholesale price averages in the state
6 for fresh, frozen, canned, and cured salmon products. The report shall
7 include the department's findings and recommendations on

8 (1) the benefits and costs to the state and the commercial fish-
9 ing and processing industry of reporting and collecting wholesale price
10 information and determining price averages;

11 (2) the appropriate methodology and procedures to be used for
12 reporting and collecting price information;

13 (3) the appropriate agency to determine wholesale price averages
14 for salmon; and

15 (4) the need for and methods of eliminating duplication of
16 reports required of fish processors and commercial fishermen by state
17 agencies, including a plan for the sharing of information among state
18 agencies.

19 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
20 10.070(c).

AMENDMENT TO SS HB 381

Page 2, line 6 is amended to read:

(2) 24-pound case of one-half-pound cans (48 cans);

Page 2, line 7 is amended to read:

(3) 12-pound case of one-quarter-pound cans (48 cans);

Page 2, line 19 is amended to read:

Sec. 43.80.060. REPORT TO LEGISLATURE. Not later than the 15th

Page 4, line 4 is amended to read:

Commission and the Department of Revenue shall submit to the legislature a report on the possible

Page 4, line 11 is amended to read:

(2) the appropriate methodology and procedures that could be used for

BILL ANALYSIS - SS HB 381

Section 1 sets up a procedure for reporting of wholesale prices for canned salmon. Processors will report their monthly prices semi-annually and the Department of Revenue will compile the information for release to the public and inclusion in an annual report to the legislature.

Section 2 repeals the old statute on wholesale price reporting (43.80.035).

Section 3 directs the Department of Commerce in conjunction with the Commercial Fishery Entry Commission to complete a study on the feasibility of collection of wholesale information on all product forms of salmon. This report will be submitted to the legislature not later than the 30th day of next session.

Section 4 sets an immediate effective date.

Sec. 43.80.035. Reporting of salmon prices. (a) Except when the requirement is suspended under (d) of this section, the commissioner shall compute and report to the legislature not later than the 60th day of each regular session the average wholesale prices obtained for canned salmon by Alaska salmon canneries during the months of August, September, October, November, and December for the previous five years. In computing and reporting prices, the commissioner may require canneries to provide information on wholesale price by species of salmon.

(b) The commissioner may

(1) issue summons under AS 43.05.040 to compel the testimony of witnesses and the production of records and documents necessary to obtain and audit reports and information on wholesale prices of salmon when required under (a) of this section;

(2) levy and collect a civil penalty for failure to report information on wholesale prices of salmon under (a) of this section;

(c) A person who fails to file a report containing information on the wholesale prices of salmon required by the commissioner under this section is liable for a civil penalty of \$5,000. The penalty shall be assessed and collected in the same manner as taxes are assessed and collected under AS 43.05.010 — 43.80.040.

(d) Computation and reporting of the average wholesale price of a species of salmon by the commissioner under (a) of this section is not required during a calendar year in which the commissioner does not receive at least one request jointly presented by a fish processor doing business in Alaska and an organization representing fishermen that they desire the report for a species of salmon under (a) of this section for purposes of price negotiation. If a joint request is not presented to the commissioner for a salmon species for a calendar year, information about the average wholesale price of that salmon species may not be collected by the commissioner for that calendar year, and the last report submitted by the commissioner under (a) of this section for that species is the final report of prices for that species required under this section.

(e) In this section,

(1) "commissioner" means the commissioner of revenue;

(2) "wholesale price" includes all receipts, whether in the form of money, credits or other consideration, received from the sale of the finished product without deduction for the cost of property sold, the cost of the material used, insurance costs, labor or service costs, label and labeling costs, transportation and storage cost, interest paid, taxes, losses, or any other expense except

(A) cash discounts allowed on sales not to exceed one and one-half percent;

(B) commissions actually paid to independent brokers not to exceed five percent; and

(C) swell allowance not to exceed one-tenth of one percent. (§ 2 ch 66 SLA 1980; am § 94 ch 59 SLA 1982)

Cross references. — As to confidential nature of certain reports and records concerning the landings of fish, see AS 15.05.815.

Sec. 43.80.040. Definition. In this title "department" means the Department of Revenue.

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: SSHB 381
Title: Wholesale Prices for Salmon
Sponsor: House Special Comm. on Fisheries
Requestor: _____

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Develop.
Program Category Affected: _____
BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL		5.0				
300 CONTRACTUAL		55.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		60.0				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

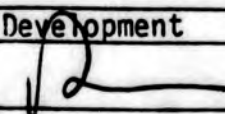
GENERAL FUND		60.0				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Richard E. Reynolds Phone: 465-2018
Division: Office of Commercial Fisheries Development Date: _____
Approved by Commissioner: Richard A. Lyon  Date: 5/3/83
Department: Commerce & Economic Development

Distribution:

Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/83

SSHB 381 - Fiscal Note Analysis

The report requested of the Department of Commerce and Economic Development is an ambitious and complex undertaking. The fiscal note represents an estimate of the value of time and effort necessary to provide a useful level of accuracy and thoroughness. Major expenditures for Contractual Services are indicated, however, as much work as possible will be done in-house by employees of the DCED and CFEC.



DEXTER HORTON BLDG., SEATTLE, WASHINGTON 98104 • (206) 624-4344 • TWX 910-444-1638

February 22, 1983

Ms. Adelheid Herrmann, Chm.
House Fisheries Subcommittee
Pouch V
Juneau, Alaska 99811

Dear Ms. Herrmann:

Peter Pan Seafoods, Inc. has recently signed a three year agreement with the Alaska Independent Fishermen's Marketing Association. This agreement provided for a base price on reds with an additional payment based on the net selling price.

The Alaska Department of Revenue figure would be used if it is available.

It is our understanding that there is no legislation on the books which would permit the Department to do this although such legislation is being considered.

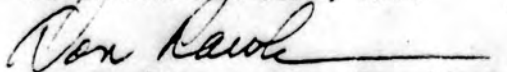
We are currently negotiating with the Western Alaska Cooperative Marketing Association and it is possible we will have a similar type of agreement with them. We would then have approximately 200 boats under such an agreement.

At the present time we know of one other company that has such an agreement but it is likely that more agreements of this type are forthcoming.

We feel it would be a great service to the fishermen and processors in Bristol Bay if the Department of Revenue would compile such information for reds and we urgently request that you introduce and support the necessary legislation.

Very truly yours,

PETER PAN SEAFOODS, INC.


Don Rawlinson, Vice-President
Bristol Bay Operations



**AIFMA
COOPERATIVE**

**700 14TH STREET
BELLINGHAM, WASHINGTON 98225**

January 28, 1983

(206) 734-1876

POSITION PAPER on legislation requiring the Alaska Department of Revenue to collect wholesale price data from Salmon Processors for canned salmon (and other processed forms of salmon) originating in Alaskan jurisdiction.

From: AIFMA COOP., of Naknek, Alaska.

As AIFMA is a Cooperative Marketing Group of Bristol Bay Gillnetters and comprise the single largest such group in Bristol Bay (probably the state); and that the size of the Bristol Bay Red Salmon Production is equal to or larger than the combined total production of red salmon in the rest of Alaska; the ex-vessel price in Bristol Bay will set the standard for red salmon prices elsewhere. Further, the economic value to the state is of such a magnitude that it is in the interest of the State to promote an orderly harvest of the resource. Additionally, because of the price disputes resulting from last minute bargaining tactics of the processors, Bristol Bay has been plagued, in recent years, by lengthy price disputes which have resulted in a under-harvest of the fish and thus an economic loss to the citizens of the State.

It is therefore, held by AIFMA COOP., that the State of Alaska should, in its' best interest, legislate to accommodate the conditions of the price settlement which AIFMA and Nelbro Packing Company arrived at on December 1, 1983 for the Red Salmon Seasons of 1983, 1984, 1985. This agreement appears to have set the standard for settlement with other processors in Bristol Bay and has generated interest in other Alaska Salmon Fisheries.

The key point is for a law to require the Alaska Fish Processors to report to the state their wholesale prices for canned salmon; for a period from August 1 of each year to March 15 of the following year. The length of time of this period is essential in order to obtain statistically significant data, which can be used to base the ex-vessel price. The reporting period under the old law only covered approximately 20% or so of the actual wholesale transactions and was subject to much speculation concerning manipulation of the price. The longer reporting period should, by historic standards cover approximately 55% of the wholesale sales and thus significantly reduce the possibility of market manipulation.

Assuming that the data generated by this legislation is the key to future price settlements throughout Alaska Salmon Fisheries, this



700 14TH STREET
BELLINGHAM, WASHINGTON 98225
(206) 734-1876

data must be collected for all species of salmon (REDS, CHUMS, PINKS, COHO, KINGS). Further, for the purposes of the present price settlement the data must include one pound talls and one-half pound cans. Looking into the future, it would appear to be prudent to include the one-fourth pound cans as well.

Under the old system the discount allowed for promotion and brokerage (about 6.8%) should not be altered as they have already been accounted for in the completed settlement and changing them could disrupt this agreement.

An area that needs to be considered also is the frozen product. This product has grown rapidly in Bristol Bay and Alaska and now comprises near half of the total production. The market for frozen salmon is very volatile and numerous problems arise; but the State should have available the value of this product in its various forms. Given the inherent mistrust between fishermen and processors the area of the value of the frozen product desperately needs to be addressed.

For the sake of expediency the frozen reporting system should be dealt with in separate legislation.

AIFMA COOPERATIVE

Karl R. Hellberg

KARL R. HELLBERG
PRESIDENT

KH:jk

MULTI-YEAR SALMON MARKETING AGREEMENT

--1983-1984-1985--

THIS AGREEMENT, date _____, 1983 between Alaska Independent Fishermen's Marketing Association, a California corporation and the AIFMA Cooperative, an Alaska Cooperative Corporation (hereinafter collectively referred to as "AIFMA") and Peter Pan Seafoods, Inc. a Corporation (hereinafter "PPSF").

I

DEFINITIONS

The following terms, when used in this Agreement, shall, unless the context otherwise requires, have the following meanings:

Fishing Periods. "Fishing periods" shall mean those periods of time established by the Alaska Department of Fish and Game during which it shall be legal for properly-licensed individuals to engage in commercial fishing for sockeye or chum salmon.

Fishermen. "Fishermen" shall mean the individual members of the Alaska Independent Fishermen's Marketing Association ("AIFMA") who have executed Individual Fishing Agreements with PPSF.

Individual Fishing Agreements. "Individual Fishing Agreements" shall mean individual written undertakings by Fishermen to fish and deliver exclusively to PPSF in accordance with the terms of this Agreement and shall be in the form attached hereto as Appendix A.

Other Persons Regularly Fishing for PPSF. "Other persons regularly fishing for PPSF" means persons other than those who are "Fishermen" under the terms of this Agreement, with whom PPSF has an agreement or understanding, express or implied, oral or written, that such persons will sell, and PPSF will buy, substantially all of such persons' catch or salmon during a fishing season in Bristol Bay.

II

WARRANTIES

A. AIFMA warrants that it is a marketing association authorized by the laws of the United States (Title 15 U.S.C. §§1521-22) and duly organized as a cooperative corporation under the laws of the State of Alaska, with members fishing as independent fishermen with their own or leased boats and gear or assisting in the operation of such independently owned or leased boats and gear on a share basis in the areas covered by this Agreement. (AIFMA further warrants that each of the

individual members subject to this Agreement have agreed to sell all salmon caught by them in any of the fishing districts of Bristol Bay during the season or seasons covered hereby exclusively through AIFMA).

B. PPSF warrants that it is lawfully engaged in purchasing, processing, canning, marketing and distributing salmon and is desirous of contracting for the purchase of salmon caught by Fishermen in the salmon fisheries of Bristol Bay.

III

AGREEMENT

A. This Agreement establishes the terms and conditions governing the sale of salmon caught by Fishermen and purchased by PPSF during the years covered hereby, in the areas and of the species as follows:

1. Area--all districts in Bristol Bay, except that in the case of chum salmon it shall apply only to those chums caught in the Naknek, Kvichak, Egegik and Ugashik districts.

2. Term--this Agreement shall apply to all sales between Fishermen and PPSF of the species covered hereby in the years 1983, 1984, 1985, EXCEPT that it may be sooner terminated by PPSF in the event of a major disruption of PPSF's markets or by either party in the event of a major change in PPSF's method of processing, upon written notice.

3. Species--this Agreement shall apply only to king, sockeye ("red") and chum salmon.

B. The acceptance or rejection of this agreement and any renewals hereof, by AIFMA membership shall be subject only to a vote of those members of AIFMA who regularly delivered to PPSF during the season next preceding the submittal for approval.

C. PPSF, by its execution of this Agreement, acknowledges that AIFMA is the sole agent of Fishermen authorized to negotiate, administer or enforce the provisions of this Agreement.

D. Fishermen shall, subject to the terms and conditions of this Agreement, tender delivery of all fish of the species covered by this Agreement to PPSF so long as PPSF is accepting delivery of fish.

E. PPSF will purchase, subject to the terms and conditions of this Agreement, all salmon of the covered species which are caught and delivered by any Fishermen, provided however, that if PPSF, pursuant to the terms and conditions of this Agreement, shall refuse to purchase some or all of the

fish tendered by any Fisherman to PPSF, then the Fisherman shall be free to sell or otherwise dispose of those fish which PPSF refused to purchase, in any manner whatsoever.

F. Contemporaneously with the execution of this Agreement, or before, AIFMA will deliver to PPSF a list of its members who are intended to be under this contract. It is expressly understood and agreed that the selection and identification of Fishermen with whom PPSF will do business shall be exclusively and without any limitation the sole right of PPSF, notwithstanding the fact that the terms under which said business is transacted shall be governed by this Agreement. Therefore, within ten (10) days after receipt of the said list of members from AIFMA, PPSF shall advise AIFMA in writing which, if any, of the members identified thereon it declines to accept within its fleet. The remaining members shall constitute the "agreed list." Thereafter, within sixty (60) days following the redelivery to AIFMA of the agreed list or on or before February 25, 1983, whichever is sooner, each member on the agreed list shall furnish PPSF with an executed Individual Fishing Agreement in the form attached hereto. Any member failing to deliver an Individual Fishing Agreement within the time specified may, at PPSF's exclusive option, be removed from the agreed list. AIFMA will also furnish to PPSF supplementary lists at a later date naming persons regularly delivering to PPSF and who have joined AIFMA after the execution of this Agreement. In the case of such supplemental lists, those members who are acceptable to PPSF shall be added to the said agreed list of Fishermen, subject to their providing PPSF with an executed Individual Fishing Agreement.

IV

WEIGHING THE FISH

A. King Salmon shall be weighed by species.

B. Chum salmon and red salmon delivered to floating receiving stations shall be weighed as "red salmon." That portion of the total poundage of fish delivered to PPSF by individual Fishermen and weighed as "red salmon" pursuant to this subsection, which are to be paid for by PPSF as chum salmon, shall be computed as follows: At the end of each one (1) week period (measured from 12:01 a.m. Sunday to 11:50 p.m. the following Saturday) or more frequently at PPSF's option, while it is accepting deliveries of fish, PPSF shall determine the total number of cases of chum salmon packed during that one (1) week period and the total number of cases of red salmon packed during that one (1) week period. The poundage of fish delivered to PPSF by individual drift Fishermen during that one (1) week period and weighed as "red salmon" pursuant to this subsection which are to be paid for as chum salmon shall be determined by multiplying the total poundage of fish delivered to PPSF by individual drift Fishermen and weighed as "red salmon" by a fraction, the numerator of which is the total of cases of chum

salmon packed by PPSF during that one (1) week period (multiplied by 78 pounds), plus the pounds of chum salmon frozen by PPSF, and the denominator of which is the total number of pounds of both red salmon and chum salmon canned or frozen by PPSF during that one (1) week period. The percentage figure which the above fraction represents plus the total number of cases of chum salmon packed, the total pounds of chum salmon frozen and the total pounds of red salmon canned or frozen by PPSF during that one (1) week period shall be posted at PPSF's cannery. PPSF further agrees to permit AIFMA, or its agent, free access to PPSF's fish books and pertinent fish records at convenient times for purposes of verifying the accuracy of the above-described computations by PPSF. Where practicable Fishermen's chum percentages shall be calculated separately for fish delivered by drift Fishermen at Nushagek, Naknek-Kvichak, Ugashik and Egegik. Each individual Fisherman's chum percentage shall be based only on the chum percentage determinations for the weeks during which he actually delivered fish to PPSF. All chum and red salmon caught and delivered by set net Fishermen shall be tallied and paid for as red salmon.

C. It is the responsibility of PPSF to weigh all fish on delivery or to employ a sample weighing technique which will comply with the provisions of AS 16.10.270.

D. If weighing on the grounds becomes impractical because of weather or mechanical breakdown, it may be temporarily suspended. Repairs or replacement of faulty mechanical equipment shall be taken care of as soon as possible.

E. Suspension of weighing because of necessity to deliver fish to the cannery on the tide is permissible under the following conditions: (a) Tidal conditions shall not be used for the purpose of avoiding the weighing of fish at the point of delivery; and (b) the scow must weigh as much fish as practicable before suspension is put into effect.

F. At any time that weighing is suspended, the balance of the fish not weighed shall be counted and credited on the basis of the average weight of fish weighed and delivered to that scow on that tide. Average weights shall be posted as soon as available.

G. All scales used to weigh fish must have a current approved weight and measure inspection seal from Alaska Weight and Measure.

H. Weighing scales shall be clearly visible to Fishermen during delivery. Each brailer weight may be verified by the Fisherman, if he so desires.

I. There shall be a brailer weight limit of 1,000 pounds.

PRICE OF FISH

The parties recognize that both volume and rate of delivery contribute significantly to the efficiency of PPSF's operation. Accordingly, to encourage fishermen to fish during the entire fishing season, as defined below, and to deliver all of their catch to PPSF, PPSF will make an additional post-season incentive payments to Fishermen who qualify, which payment is described below as the "Formula Adjustment."

A. Base Price. PPSF shall pay Fishermen 25 cents per pound for chums, 58 cents per pound for reds and 50 cents per pound for kings during the 1983 fishing season.

The base price to be paid by PPSF to Fishermen for these species delivered during the 1984 season shall be 75% of the total of the 1983 base price plus the 1983 formula adjustment.

The base price to be paid by PPSF to Fishermen for these species delivered during the 1985 season shall be 75% of the total of the 1984 base price plus the 1984 formula adjustment.

B. Formula Adjustment.

1. Fishermen Eligible. All Fishermen who deliver all of their fish to PPSF during every Fishing Period of any of the Fishing Seasons for 1983, 1984, 1985 (exclusive of the exceptions specified below) shall receive a formula adjustment to fish price for that year calculated in accordance with this section, with respect to all fish delivered to PPSF by such Fishermen.

2. Fishing Season. For purpose of the formula adjustment the "Fishing Season" is the period of time from June 23 to July 18 (or earlier if PPSF elects to close) during which PPSF is accepting salmon for processing.

3. Exceptions. The following circumstances shall relieve Fishermen from the requirement to deliver all of their fish during each Fishing Period to PPSF in order to qualify for the formula adjustment:

a. A Fisherman elects to fish in a river system where PPSF has no receiving station of its own and PPSF has not made other arrangements for accepting deliveries.

b. An illness preventing a Fisherman's boat from fishing.

c. A death in the Fisherman's family which in the judgment of the Fisherman prevents the Fisherman's boat from fishing.

d. Weather conditions which in the Fisherman's judgment prevent his boat from fishing.

e. Mechanical breakdown or other emergencies preventing a Fisherman's boat from fishing.

f. Limits or suspensions as defined herein being in effect.

g. The mutual agreement of a Fisherman and PPSF.

h. If for any reason PPSF refuses to accept fish tendered by the fisherman.

In all cases the fisherman is responsible for notifying PPSF in the case of nondelivery. In order to be valid for purposes of excusing nondelivery the exception relied upon by the Fisherman must be confirmed by an appropriate entry in the Fisherman's fish book endorsed by a designated, authorized representative of PPSF. PPSF will give any Fisherman who fails to qualify for the formula adjustment, written notification of ineligibility by October 31st of the year in which the unexcused failure to deliver took place.

4. Calculation of Formula Adjustment. For purposes of calculating the post-season adjustment, the identification of product as "frozen" or "canned" shall be done with respect to the end-use of the product by PPSF and/or affiliated companies. Such end-use shall govern whether a particular poundage shall be considered frozen or canned for purposes of the price adjustment. The calculation of the post-season adjustment shall be on the basis of wholesale prices as described in the following sub-paragraphs except that no consideration shall be given to PPSF's receipts for salmon roe. The wholesale price basis to be used is as follows:

a. FROZEN SALMON: PPSF's actual average price per pound received from nonaffiliated companies for Bristol Bay salmon frozen round and PPSF actual price per pound less .60 cents per pound for frozen salmon dressed. For the purpose of developing this average PPSF's sale records shall be subject to audit by a mutually agreed upon independent auditor, which access shall be under circumstances and conditions which will preserve the confidentiality of PPSF records. The cost of any such audit shall be borne equally by the parties. The receipts used shall be for frozen salmon prices FOB PPSF's owned or leased processing facilities.

1. It is further agreed that if less than 50% of the PPSF's Bristol Bay frozen salmon are sold to non-affiliated companies PPSF's overall average price shall be used.

2. If the average wholesale price as described above is less than the Nelbro Packing Co. average wholesale price then Nelbro's price will be used. In the event Nelbro does not freeze, or if Nelbro freezes less than _____ and if Nelbro changes ownership, PPSF's price will be used.

3. If any frozen salmon are produced as portions they shall be considered as round for the purpose of this agreement.

b. CANNED RED SALMON: The wholesale prices used shall be either (i) as reported by the Alaska Department of Revenue ("ADR") as the industry average wholesale price net of discounts for sales of canned salmon between the dates of August 1 of the season involved to March 30 of the year following, or (ii) PPSF's actual average wholesale prices received from non-affiliated companies, net of discounts, for sales of canned salmon between the dates of August 1 of the season involved to March 31 of the year following, whichever is the lower. For purposes of developing PPSF's average net wholesale price, PPSF's sales records shall be subject to audit by a mutually agreed upon independent auditor, which access shall be under circumstances and conditions which will preserve the confidentiality of PPSF's records. The cost of any such audit shall be borne equally by the parties. The final price shall be computed as follows:

(1) A weighted average case price shall be determined by combining a value equivalent to twenty-five percent (25%) of the average net price for a case of 96 one-half pound cans or equivalent and a value equivalent to seventy-five percent (75%) of the average net price for a case of 48 one pound tall cans, provided that in calculations using PPSF's actual receipts from sales to nonaffiliated companies, the actual average net wholesale price received for cases of 48 cans of tall shall be used or, alternatively, eighty percent (80)% of the average net wholesale price received for cans of 96 one-half pound cans or equivalent, whichever is greater.

(2) For those fish tendered outside of Bristol Bay for canning \$2.16 per case of 48 one pounds or 96 half pounds shall be deducted.

(3) The resulting weighted average shall be divided by 72 pounds; and

(4) The resulting price per pound shall be multiplied by forty-four percent (44%) which will produce the final price component for canned red salmon.

c. CHUM SALMON AND KING SALMON:

(1) The price per case shall be calculated as in (b) above except using values for cases of 48 can tall only; and

(2) The said average wholesale net case price shall be divided by 78 pounds for chums and 85 pounds for kings; and

(3) The resulting price per pound shall be multiplied by forty-four percent (44%) which will produce the final component for canned chums and king.

d. PPSF's pack shall be apportioned between canned and frozen product as follows:

(1) Canned: PPSF's pack in full cases shall be multiplied by the agreed pounds per case (72 pounds for reds, 78 pounds for chum and 85 pounds for kings) and the result will be "agreed pounds canned."

(2) Frozen: The total poundage per PPSF's invoices for frozen round product plus the pounds frozen dressed divided by the actual recovery rate shall equal the "pounds frozen."

(3) Salmon which is frozen and subsequently canned shall be considered as "canned" for price determination purposes.

(4) The poundages of canned and frozen salmon shall be converted to percentages of the PPSF pack for purposes of calculation of final price.

e. There shall be a single fish price by species determined by using the canned and frozen fish prices from subparagraphs (a), (b) and (c) combined in proportion to the canned and frozen percentage of shares as determined in subparagraph (d) (4) above.

f. The final formula adjustment, to be paid by species, will be the amount per pound arrived at in accordance with the terms of this paragraph less the amount paid as the base price.

g. For purposes of calculating the formal adjustment, "affiliated companies" shall mean PPSF's parent corporation or any company in which either PPSF or its parent has more than a ten percent (10%) ownership interest and "non-affiliated companies" shall mean all other.

5. Time of Final Settlement. The formula adjustment shall be paid by May 1, or, if the Alaska Department of Revenue net canned wholesale prices are not available by April 15 for the period specified, then PPSF will make the final payment within fifteen days after receipt of the Alaska Department of Revenue data. In the event the ADR data are not reasonably expected to be available at all, then the PPSF actual data are to be used and payment made on May 1 of the year following the season involved.

G. The amount owed the individual fisherman shall be reduced by any unpaid charges on the fisherman's account with PPSF. The balance shall earn interest from October 1st to the date of payment, calculated on a weekly basis, without compounding, at a rate equal to the effective annual return for three (3) month Treasury Bills sold that week at the Federal Reserve Bank's weekly auction, provided that, if the said rate is at any time higher than the Seattle-First National Bank Prime Rate for Seattle branches, less three percent (3%), then the latter rate

calculated for the same week will be used. Interest after May 1 shall be based on the average interest rate during the October 1 through May 1 period.

VI

QUALITY OF FISH

All salmon offered for sale must be in good condition and of a quality suitable for processing in the judgment of PPSF or PPSF's agent-in-charge. Highly water-marked fish may be rejected. Fish with peugh or pick marks may be rejected by PPSF.

VII

ADVANCES AND DEDUCTION

A. PPSF shall withhold from any amounts due Fishermen and shall pay over on behalf of Fishermen, Bristol Bay Borough taxes.

B. PPSF also agrees to pay to the AIFMA for the account of all Fishermen who have actually commenced fishing and who have made a delivery to PPSF, the Fisherman's membership fees and assessments to the AIFMA for the then current year. Such payment shall be made only upon presentation to PPSF of a written request, (signed by the individual Fisherman), authorizing PPSF to pay said membership fees directly to the AIFMA. Such payment by Nelbro shall not take priority over current boat account charges including Borough taxes.

VIII

DELIVERY OF FISH

A. Buyer agrees to maintain receiving stations of a number and capacity to receive without undue delay the catches made by Fishermen. PPSF further agrees to take delivery at such stations of all fish whether caught by drift boats, drift skiffs, or by set net Fishermen who deliver by boat or skiff.

B. If a fishing period is twenty-four (24) hours or less, the final delivery from fish boats and gear shall be made immediately at the end of the fishing period. If a fishing period is more than twenty-four (24) hours in duration then during continuous fishing delivery of fish shall be made within eighteen (18) hours from the beginning of the period and within each eighteen (18) hour period thereafter. All boats shall be discharged clean at the receiving station in the presence of the tallyman; provided, however, that a boat shall be permitted to leave a receiving station with all over-limit fish aboard. In the event that a Fisherman shall elect to leave the receiving station with over-limit fish aboard, PPSF shall not be obligated to accept delivery of any additional fish from such Fishermen until such Fishermen shall have reported to one of PPSF's

receiving stations with his boat clean of all fish and had his fish book signed by one of the PPSF's agents. Any Fishermen making delivery later than the time period specified herein may be required to deliver their fish directly to PPSF's cannery and when required to do so pursuant to the terms of this section, the provisions of subsection E of Section VIII of this Agreement shall not apply.

C. At the close of each fishing period it shall be the responsibility of the Fishermen to report or deliver all salmon aboard the drift skiff or boat to a receiving station or to notify PPSF within four (4) hours after the close of the fishing period of the fish on board to be delivered. Failure of the Fisherman to so notify or deliver as provided above shall relieve PPSF from any liability for loss of fish; provided, however, there shall be one (1) receiving station on the fishing grounds on each river where fishing operations are conducted for four (4) hours after the close of fishing period.

D. Fishermen detained from delivery of salmon at PPSF's receiving station for five (5) hours after having reported their arrival shall be credited as follows for each additional hour's detention during an open fishing period:

1. Two-man drift gill net boats and one-man drift gillnet boats equipped with brailer -- 550 pounds of red salmon for each hour of detention time.

2. All other types of gear so detained shall be credited with 275 pounds of red salmon for each hour of detention time.

E. Detention shall commence five (5) hours from the time the boat reports to any of PPSF's receiving station with its nets cleared and shall continue until the fish are actually accepted at such receiving station.

F. Fishermen who are instructed by PPSF to deliver fish directly to PPSF's cannery shall receive, in addition to the base fish prices set forth herein, the sum of five cents (\$.05) per pound for the fish so delivered.

IX

LIMIT PERIODS

A. PPSF reserves the right to curtail the deliveries of Fishermen by putting them on limit, provided that PPSF places the same restriction upon deliveries of all other persons regularly fishing for and delivering fish to PPSF and, while limits are in effect, PPSF refrains from accepting fish from other persons except those with swamped boats or similar emergencies or conditions of distress. The limit for each twenty-four (24) hour period, or portion thereof, declared open for fishing by the Alaska Department of Fish and Game, shall be not less than 12,000 pounds.

B. Notice of limit shall be given by hoisting a large red flag at PPSF's cannery and at all receiving stations and by announcing over the radio the amount of the limit and the time at which the limit period is to commence. Notice of a limit period shall be given in the manner set forth above at least six (6) hours before the time period is to commence.

C. PPSF shall start the limit period with the commencement of the twenty-four (24) hour period within which it is to apply, or at six (6), twelve (12) or eighteen (18) hours thereafter. It shall be either:

1. Twenty-four (24) hours after starting; or
2. At the end of the fishing period as originally announced or as extended, whichever occurs first.

D. Successive limits and limit periods shall be established by successive notice, except that if the fishing period as originally announced, or as extended, continues beyond twenty-four (24) hours a new limit period with such limit as may be announced by PPSF shall then automatically commence and continue for twenty-four (24) hours and for successive twenty-four (24) hour periods until the fishing period ends with the limit to be announced by PPSF for each successive period.

E. When notice of limit has been given, all boats shall make delivery and clear their nets before the time fixed for the next limit period to start.

F. The limit in effect may be increased by raising a blue flag under the red one, or removed by taking all flags down. Radio announcements of increase or removal shall be made, and the change shall be effected immediately.

G. When a Fisherman has delivered his limit for the limit period, he shall not catch any more fish for delivery to PPSF until three (3) hours before the commencement of the next limit period. Fish caught during this three (3) hour period shall be counted against the next limit period.

H. PPSF shall have no obligation to purchase fish excess of the limit. If, however, PPSF accepts such fish and accepts delivery thereof, then those over the limit shall, as designated by the Fisherman making such delivery, be credited to a Fisherman who is short of the limit providing both Fishermen are at the same receiving station at the time of delivery, and if not so designated shall be credited to the AIFMA. PPSF shall maintain a register showing all over-limit deliveries accepted and the disposition thereof, and PPSF shall enter into the fish book of the Fisherman making the over-limit delivery the amount so delivered. A copy of the over-limit register shall be furnished to the AIFMA. All checks payable for over-limit fish credited to the AIFMA shall be made payable directly to the AIFMA Research and Welfare Fund.

X

PAYMENT FOR SALMON

A. If requested by Fisherman, payment for salmon purchased shall be made by check, payable to Fisherman. Any such payment shall, to the extent of such payment or payments, discharge PPSF's obligation to the AIFMA and to Fisherman.

B. Upon demand by the Fisherman, and before payment of the base price, PPSF agrees to advance up to seventy-five percent (75%) of the amount due to Fisherman for fish sales at the base price provided herein, net of the balance then currently due on the fisherman's boat account.

C. Interim settlement on the base price between a Fisherman and PPSF shall be made not later than four (4) weeks after the Fisherman stops fishing and gives notice to Buyer of such action. Final settlement for any adjusted amounts under the terms hereof shall be made not later than May 1st of the next following year, or fifteen days after the Alaska Department of Revenue price data are available. At the time of interim settlement, PPSF shall furnish each Fisherman with an itemized statement of account and sales slips.

D. PPSF shall retain no funds due Fisherman at final payment unless authorized to do so in writing by Fisherman. PPSF shall have no obligation for any purchase made by Fisherman unless authorized by a company purchase order.

XI

ABANDONMENT OF OPERATION

A. In the event the PPSF's cannery is destroyed or so greatly damaged from any cause, or the laws, rules or regulations with reference to salmon fishing or canning are changed, or, in PPSF's judgment, because of strikes or any of the reasons set forth above, it would be impracticable or unprofitable to continue operation, PPSF may forthwith terminate its purchase of salmon from Fishermen provided that PPSF also terminate its purchase of salmon from all other sources. Should PPSF abandon operations for any reasons encompassed within the meaning of the above-specified conditions, PPSF may terminate its purchase of salmon from Fishermen by giving such Fishermen under this Agreement at least twelve (12) hours notice prior to the time set for the cessation of operation. Should PPSF not give said minimum notice, then PPSF shall credit the Fishermen affected with 550 pounds of red salmon for each hour less than the required twelve (12) hour minimum period that notice is not given.

B. In the event of circumstances beyond the control of PPSF, it is impractical to operate its cannery for a temporary period of time but PPSF does not want to abandon operations as above provided, then PPSF may temporarily suspend the purchase of salmon from Fishermen, provided:

1. That PPSF gives notice to AIFMA and to Fishermen of the action to be taken and the effective time and date of that action; and

2. That PPSF shall make every effort to find another market for fish caught by Fishermen during the period of suspension. Suspension of operations under this subsection shall not be deemed an abandonment of operations within the meaning of subsection A above.

C. In addition to the above, if a cannery or a consolidation is operating at maximum practicable capacity, the company, or consolidation may suspend its fishing effort even though such suspension takes place in periods open for fishing if such fishing would exceed the utilization possible by the company or consolidation. (Maximum capacity for the purpose of this section shall mean utilization of all lines which can be practically operated at the time at each of the canneries being operated by PPSF in Bristol Bay, if more than one, or being operated in a consolidation. In cases of a breakdown of a line in one or more operating canneries, such lines will not be counted in defining maximum capacity)

D. During periods of time when the anticipated supply of salmon is likely to near or exceed PPSF maximum practicable capacity, PPSF may impose limit periods of less than twenty-four (24) hours, provided that PPSF may impose limit periods of less than twenty-four (24) hours on not more than four (4) occasions during a season.

XII

BOAT STORAGE

Except as provided in Article XV, hereinafter, PPSF agrees to provide free handling and storage of boats and gear for Fishermen during the entire winter following each of the subject season's operations. PPSF also agrees to provide, at no charge to Fishermen, haul-out and launching service for all boats in need of repair requiring such haul-out or launching service. PPSF agrees to transport Fishermen's gear to Bristol Bay without costs in accordance with space available on PPSF's tender.

XIII

ROOM AND BOARD

PPSF agrees to provide Fishermen Room and Board. The Room and Board shall be at the expense of the Fishermen and charged at the following rates during 1983 at \$20.00 per day and for 1984 and 1985, \$20.00 plus an adjustment equivalent to the change reported between June 1983 and June of the year in question, by the U.S. Department of Labor in the Consumer Price Index, all commodities for the State of Alaska.

PPSF agrees to furnish beds, springs mattresses and covers, pillows, pillow slips and sheets, clean linen and towels weekly, toilet paper, and also two (2) blankets for each Fisherman, if so requested.

For each thirty (30) boats regularly fishing at PPSF's cannery, there shall be a washing machine in good condition, available for use by the Fishermen.

XIV

PORT ENGINEER

PPSF agrees to provide mechanics for repairs and maintenance of boats of Fishermen and further agrees that said mechanics shall repair the boats of Fishermen and other persons regularly fishing for PPSF on a "first-come-first-serve" basis as reported to PPSF's superintendent upon arrival at PPSF's dock. Should a boat of a Fisherman be undergoing major repairs or about to undergo major repairs, PPSF's mechanic may pass over said boat and repair a boat taken out of turn. Major repairs are understood to be repairs which are estimated by PPSF's mechanic to require more than two (2) hours to complete. Fishermen shall pay \$35 per hour for the services of mechanics during the 1983 season, and for the 1984 and 1985 season the rate shall be \$35 per hour plus an adjustment based on the same rate used for adjusting the price of meal tickets.

XV

TERMINATION OF FISHERMAN

PPSF agrees that if it intends not to accept fish from a particular Fisherman for the next following Fishing Season, PPSF will notify AIFMA and the Fisherman in writing, not later than December 15th of the year prior to the affected season, except in those instances where the termination is for cause.

Fishermen agree to notify PPSF in writing, by December 15th if they do not intend to deliver to PPSF during the next following season.

The parties acknowledge the uncertainty and difficulty in estimating damages accruing to the other if notice of termination is not given in a timely manner as herein provided. To liquidate the amount of these damages, it is agreed that if either PPSF or a Fisherman should fail to notify the other of termination in a timely manner as herein provided, and thereafter fails or refuses to sell or buy fish, as the case may be, in accordance with the terms and conditions of this agreement, the party failing to give notice as herein provided shall be liable to the other in the amount of Three Thousand Five Hundred Dollars (\$3,500.00).

PPSF agrees that it will not discriminate against a Fisherman because of his activities on behalf of AIFMA.

XVI

POSTING

PPSF shall post copies of this Agreement in the lobby of its office at its cannery and the Fishermen's bunkhouse.

XVII

NO CHANGE -- SUBJECT TO LAW

Neither PPSF nor AIFMA, nor any agent of either, has any power to change or alter any of the provisions in this Agreement, and the same is entered into subject to all present and future laws and regulation which may be prescribed by state or federal authorities during the term of this Agreement, and if at any time it shall be established as a matter of law that any of the provisions of this Agreement are contrary to law, rules and regulation, then in that event the said provision so far as they may conflict shall be considered as not binding upon either of the parties hereto.

ALASKA INDEPENDENT FISHERMEN'S
MARKETING ASSOCIATION

By _____

Its _____

AIFMA COOPERATIVE

By _____

Its _____

PETER PAN SEAFOODS, INC.

By _____

Its _____

HOUSE SPECIAL COMMITTEE
ON FISHERIES
April 5, 1983
4:07 p.m.

Members Present: Rep. Herrmann, Chairman
Rep. Fuller, Vice-Chairman
Rep. McBride
Rep. Bussell
Rep. Goll

Members Absent: Rep. Grussendorf
Rep. Zharoff

COMMITTEE CALENDAR

Discussion on Salmon Wholesale Average Price
Reporting

WITNESS REGISTER

Melvin Monsen
Aide
House Special Committee on Fisheries
Pouch V
Juneau, Alaska 99811
465-4924

PREVIOUS ACTION

NONE

ACTION NARRATIVE

TAPE#29
Recording
Number 0001

Chairman Herrmann called the meeting to order at 4:07 p.m., and announced the first order of business to be a discussion on Wholesale Price Average Reports for salmon. She stated that price negotiating in Bristol Bay has in the past not gone very smoothly.

Chairman Herrmann introduced Melvin Monsen, Professional Aide to the Special Committee on Fisheries to give the committee members an update on the current wholesale price draft legislation.

Number 0027

Rep. Fuller stated that apparently the

fishermen do need some legislation help in order to make the negotiating process a little easier on all parties involved.

Number 0034

Chairman Herrmann stated that some of the fishermen in western Alaska have signed contracts with the processors in order to do away with the strikes.

Number 0047

Mel Monsen began his presentation on the background information of the Wholesale Price Average Bill that will probably be coming up in the near future. The reason for this bill is, the Alaska Independent Fishermen's Marketing Association (AIFMA) has signed a new contract that has been tried before but hasn't been successful. This type of settlement has an initial base price payoff and following the sales of the salmon during the winter and spring, a final price payment will be given to the fishermen based on what the processor got for his pack selling at wholesale. The contract that AIFMA has signed with most of the processors in Bristol Bay is a multi-year agreement in that the next year's price is based on the previous year's base price; plus again a portion of the wholesale price during the following winter. It has the ability of solving the problems of having price determination strikes in Bristol Bay and everywhere else in the state if this system is successful.

Number 0075

Rep. Fuller asked if it was a negotiated price for three years with perhaps a bonus connected with it and if it was a contract using the base price of the first year for every year that follows.

Number 0081

Mel Monsen answered yes to Rep. Fuller's first question regarding the bonus and said no to the second question. The way the contract is worded, (the contract with Peter Pan Seafoods) is the fishermen would receive 58¢ a pound for canned red salmon within four weeks of the end of the fishing season and then on May 1, 1984, based on the wholesale price determination they would get a final payment that is basically equivalent to 44% of the wholesale price with certain factors involved. For the 1984 salmon season, the fishermen would receive 75% of the 1983 season's final settlement as their