

**SCOMM**

**95:18**



# Southwest Alaska Municipal Conference

*Putting Resources to Work For People*

3300 Arctic Blvd., Suite 203 • Anchorage, Alaska 99503 • (907) 562-7380 • FAX (907) 562-0438

## RESOLUTION 94-19

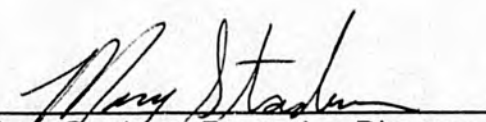
### A RESOLUTION REGARDING BONDING REQUIREMENTS FOR SMALL PROCESSORS

- Whereas,** communities in Southwest Alaska are involved in the seafood and fishing industries and;
- Whereas,** declines in fish prices have forced fishermen to look for alternative markets or processes that would allow for higher prices for their fish and;
- Whereas,** the amount of bonding required by the State of Alaska is the same for a small processor as a large processor and;
- Whereas,** small processors do not have the same financial resources as large processors and;
- Whereas,** allowing a lesser amount of bond for small processors would alleviate much of the financial burden to mom and pop processing operations and;

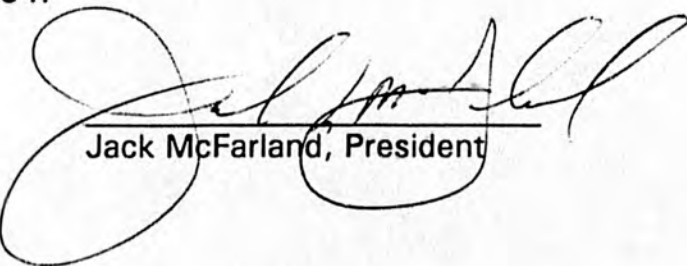
**Be It Resolved** that a small processor that processes 30,000 lbs. or less of fish a year shall pay a \$2,000 bond to the State of Alaska and;

**Be It Further Resolved** that SWAMC respectfully requests its legislators to introduce and push legislation for the bond requirement for small processors.

PASSED AND APPROVED BY THE SOUTHWEST ALASKA MUNICIPAL CONFERENCE  
THIS 12<sup>th</sup> DAY OF SEPTEMBER, 1994.

  
Mary Stadum, Executive Director

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Jack McFarland, President

Representing the Bristol Bay, Pribilof, Kodiak Island and Aleutian Island areas.

**WALTER J. HICKEL, GOVERNOR**

**DEPARTMENT OF COMMERCE AND  
ECONOMIC DEVELOPMENT**

*DIVISION OF ECONOMIC DEVELOPMENT*

P.O. BOX 110804  
JUNEAU, ALASKA 99811-0804  
PHONE: (907) 465-2017

**DCED Comments on House Bill 140**

This bill reduces the amount of surety bond required for small fish processors that process 30,000 pounds or less of fish a year from \$10,000 to \$2,000. Processors, who initially filed a \$2,000 bond under this bill and then process more than 30,000 pounds of fish in a year, are required to notify the department and comply with the \$10,000 bond requirement.

The purpose of the bond is to protect fishermen and processing workers from processing companies that do not pay them in full at the end of the fishing season. The bond payment is made to the Department of Revenue and, according to agency officials, is rarely activated.

Changes in market conditions and fishery management have caused many fishermen to consider marketing their own fish. One of the biggest impediments to the development of these entrepreneurial enterprises are the costs of permits, licenses and bonding requirements which were designed for compliance by large processing companies. Furthermore, operations that process less than 30,000 pounds of fish annually are likely processing the fish harvested by their own fishing operation and bonds posted to protect them from nonpayment to themselves would be rendered meaningless.

HB 140 will significantly help reduce capital investment costs for small direct marketing operations and increase their likelihood for success.



## **REPRESENTATIVE ALAN AUSTERMAN** Alaska State Legislature

P.O. Box 2368, Kodiak, Alaska 99615 (907) 486-5930 • Session: State Capitol, Juneau, Alaska 99801 465-2487

### **SPONSOR STATEMENT**

#### **HB 140 - "SMALL FISH PROCESSOR SURETY BONDS"**

**February 14, 1995**

House Bill 140 reduces the surety bond or cash deposit that small processors pay to the Department of Revenue if the processor processes 30,000 pounds of fish or less annually. These businesses would otherwise have a \$10,000 surety bond obligation or cash deposit.

HB 140 is an economic development bill for Alaska. It benefits the smallest of potential fish processing operations by lowering the bond amount from \$10,000 to \$2,000, and thereby providing an incentive for value-added businesses to establish themselves in the fishing industry.

This bill originated from a SWAMC resolution which later passed unianimously as an AML resolution. The AML version revised the annual poundage to 100,000 pounds.

# FISCAL NOTE

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Small Fish Processor Surety Bonds BRU: Audit Operations  
 Component: Income and Excise Audit  
 Sponsor: Rep. Austerman  
 Requestor: (H) FSH COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

| OPERATING              | FY 96      | FY 97      | FY 98      | FY 99      | FY 00      | FY 01      |
|------------------------|------------|------------|------------|------------|------------|------------|
| PERSONAL SERVICES      |            |            |            |            |            |            |
| TRAVEL                 |            |            |            |            |            |            |
| CONTRACTUAL            |            |            |            |            |            |            |
| SUPPLIES               |            |            |            |            |            |            |
| EQUIPMENT              |            |            |            |            |            |            |
| LAND & STRUCTURES      |            |            |            |            |            |            |
| GRANTS, CLAIMS         |            |            |            |            |            |            |
| MISCELLANEOUS          |            |            |            |            |            |            |
| <b>TOTAL OPERATING</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

|                |  |  |  |  |  |  |
|----------------|--|--|--|--|--|--|
| <b>CAPITAL</b> |  |  |  |  |  |  |
|----------------|--|--|--|--|--|--|

|                             |            |            |            |            |            |            |
|-----------------------------|------------|------------|------------|------------|------------|------------|
| <b>REVENUE FUND SOURCE:</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |
|-----------------------------|------------|------------|------------|------------|------------|------------|

FUNDING: (Thousands of Dollars)

|                          |            |            |            |            |            |            |
|--------------------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts    |            |            |            |            |            |            |
| 1003 GF Match            |            |            |            |            |            |            |
| 1004 GF                  |            |            |            |            |            |            |
| 1005 GF/Program Receipts |            |            |            |            |            |            |
| 1006 GF/MHTIA            |            |            |            |            |            |            |
| Other                    |            |            |            |            |            |            |
| <b>TOTAL</b>             | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

POSITIONS:

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| FULL-TIME |  |  |  |  |  |  |
| PART-TIME |  |  |  |  |  |  |
| TEMPORARY |  |  |  |  |  |  |

Estimate of current (FY95) impact \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Robert N. Bartholomew, Deputy Director *Robert N. Bartholomew* Phone: 465-2320  
 Division: Income and Excise Audit Date: 2/9/95  
 Approved by Commissioner: *[Signature]* Date: 2/9/95  
 Agency: Department of Revenue

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### **Bill Analysis**

This bill reduces the amount of surety bond required for small fish processors that process 30,000 pounds or less of fish a year from \$10,000 to \$2,000. Processors who initially filed a \$2,000 bond under this bill and then process more than 30,000 pounds of fish in a year are required to notify the Department and comply with the \$10,000 bond requirement.

In lieu of the surety bond, small processors may file a cash deposit or other negotiable security acceptable to the Department in the amount specified for the bond.

### **Operating Costs**

Department of Revenue does not anticipate any additional operating costs for implementing the provisions of this bill. This bill only affects the dollar amount of surety bonds required for small processors and will not establish new filing requirements for processors.

### **Revenue**

This bill does not impact revenue because surety bonds, cash deposits and other negotiable securities filed under the surety bond program are filed as security and held in trust for the period of time specified under statutes.



217 Second Street, Suite 200 ■ Juneau, Alaska 99801 ■ Tel (907) 586-1325, Fax (907) 463-5480

February 9, 1995

TO: Representative Alan Austerman  
Chairman, Fisheries Committee

FROM: Kevin C. Ritchie  
*Kevin C. Ritchie*  
Executive Director

RE: HB 140 - Surety Bonds Required of Certain Fish Processors

Attached please find a copy of the Alaska Municipal League Resolution 95-19 regarding bonding requirements for small processors. This resolution passed at the Alaska Municipal League Conference in November 1994.

A revision was made to the resolution on the floor of the annual meeting to change the number from: "30,000 pounds to 100,000 pounds or less of fish a year. . ." There were no objections.

The League supports allowing a lesser amount of bond for the smaller fish processors because they don't have the financial resources of the larger processors.

a:\jk\leg95.HB140.ltr

**Resolution of the Alaska Municipal League**

**Resolution No. 95-19**

**A RESOLUTION REGARDING BONDING  
REQUIREMENTS FOR SMALL PROCESSORS**

WHEREAS, communities in Alaska are involved in the seafood and fishing industries; and

WHEREAS, declines in fish prices have forced fishermen to look for alternative markets or processes that would allow for higher prices for their fish; and

WHEREAS, the amount of bonding required by the State of Alaska is the same for a small processor as a large processor; and

WHEREAS, small processors do not have the same financial resources as large processors; and

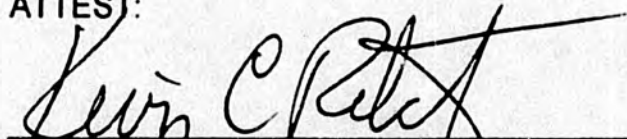
WHEREAS, allowing a lesser amount of bond for small processors would alleviate much of the financial burden to "mom and pop" processing operations:

NOW, THEREFORE, BE IT RESOLVED, that a small processor that processes 100,000 pounds or less of fish a year shall pay a \$2,000 bond to the State of Alaska.

BE IT FURTHER RESOLVED that the Alaska Municipal League respectfully requests its legislators to introduce and push legislation for the bond requirement for small processors.

  
\_\_\_\_\_  
John Torgerson, President

ATTEST:

  
\_\_\_\_\_  
Kevin C. Ritchie, Executive Director



HB 140  
File  
Copy

## Alaska State Legislature

House of Representatives  
Special Committee on Fisheries

### MEMORANDUM

TO: Senator Rick Halford, Co-Chair  
Senator Steve Frank, Co-Chair  
Senate Finance Committee

FROM: Representative Alan Austerman, Chair  
House Special Committee on Fisheries

DATE: April 18, 1995

RE: HB 141 & HB 140 scheduling

I respectfully request that HB 141 and HB 140 be scheduled at your earliest possible convenience. Both of these bills are expected to move out of Senate Resources Friday afternoon. Accordingly, I would appreciate it if you would schedule these bills for next week "pending referral" since committees submit their schedules earlier in the week than the Friday Resources Committee.

You already have HB 116 in your committee which I am also interested in having heard.

If you have any questions, please call me (2487) or Amy Daugherty (4230).

STATE OF ALASKA  
Commercial Fisheries Entry Commission  
Average Pounds and Earnings for 1993

| Year                         | Fishery | Number of<br>Permits<br>Fished | Total<br>Pounds | Average<br>Pounds | Total<br>Earnings | Average<br>Earnings |
|------------------------------|---------|--------------------------------|-----------------|-------------------|-------------------|---------------------|
| <b>Sablefish</b>             |         |                                |                 |                   |                   |                     |
| 93                           | C61A    | 121                            | 5,939,678       | 49.088            | \$6,687,157       | \$55,266            |
| 93                           | C61C    | 26                             | 836,573         | 32.176            | \$886,328         | \$34,090            |
| <b>Herring Seine</b>         |         |                                |                 |                   |                   |                     |
| 93                           | G01A    | 50                             | 20,372,918      | 407.458           | \$3,483,769       | \$69,675            |
| 93                           | G01H    | 60                             | 7,140,700       | 119,012           | \$2,220,758       | \$37,013            |
| 93                           | G01K    | 47                             | 8,518,109       | 181,235           | \$2,657,195       | \$56,536            |
| 93                           | G02Z    | 7                              | 1,484,743       | 212,106           | \$198,956         | \$28,422            |
| <b>Herring Gill Net</b>      |         |                                |                 |                   |                   |                     |
| 93                           | G34A    | 102                            | 1,473,845       | 14,449            | \$1,299,931       | \$12,744            |
| 93                           | G34E    | 24                             | 2,059,776       | 85,824            | \$632,351         | \$26,346            |
| 93                           | G34K    | 39                             | 1,311,786       | 34,521            | \$404,030         | \$10,632            |
| 93                           | G34H    | 72                             | 1,328,514       | 18,452            | \$205,973         | \$2,861             |
| 93                           | G34Y    | 41                             | 742,001         | 18,098            | \$106,106         | \$2,588             |
| 93                           | G34Z    | 254                            | 8,565,225       | 33,721            | \$1,231,469       | \$4,848             |
| <b>Herring Spawn-on-Kelp</b> |         |                                |                 |                   |                   |                     |
| 93                           | L12T    | 172                            | 381,158         | 2,216             | \$266,046         | \$1,547             |
| 93                           | L21E    | 52                             | 212,875         | 4,094             | \$2,179,840       | \$41,920            |
| <b>SE King Crab</b>          |         |                                |                 |                   |                   |                     |
| 93                           | K19A    | 8                              | 11,102          | 1,388             | \$44,343          | \$5,543             |
| 93                           | K29A    | 3                              | .               | .                 | .                 | .                   |
| 93                           | K35A    | 1                              | .               | .                 | .                 | .                   |
| 93                           | K48A    | 28                             | 418,210         | 14,872            | \$904,724         | \$32,312            |
| 93                           | K59A    | 5                              | 101,707         | 16,951            | \$186,539         | \$31,090            |
| 93                           | K59A    | 45                             | 982,523         | 21,359            | \$2,102,992       | \$45,717            |
| <b>SE Tanner Crab</b>        |         |                                |                 |                   |                   |                     |
| 93                           | T19A    | 16                             | 188,056         | 11,754            | \$344,360         | \$21,523            |
| <b>Salmon Seine</b>          |         |                                |                 |                   |                   |                     |
| 93                           | S01A    | 382                            | 203,697,537     | 533,240           | \$52,808,504      | \$138,478           |
| 93                           | S01E    | 144                            | 9,490,558       | 65,907            | \$1,706,858       | \$11,853            |
| 93                           | S01H    | 51                             | 2,109,936       | 41,371            | \$842,496         | \$16,520            |
| 93                           | S01K    | 324                            | 117,723,013     | 363,345           | \$30,756,361      | \$94,827            |
| 93                           | S01L    | 102                            | 17,974,603      | 176,822           | \$9,952,323       | \$97,572            |
| 93                           | S01M    | 122                            | 51,846,673      | 423,358           | \$16,155,304      | \$132,421           |
| 93                           | S02K    | 9                              | 427,759         | 47,529            | \$74,073          | \$8,230             |
| <b>Salmon Drift Gill Net</b> |         |                                |                 |                   |                   |                     |
| 93                           | S03A    | 460                            | 24,805,858      | 53,491            | \$15,913,424      | \$34,594            |
| 93                           | S03E    | 514                            | 18,520,085      | 36,031            | \$18,863,565      | \$36,700            |
| 93                           | S03H    | 580                            | 16,815,486      | 28,992            | \$15,537,133      | \$28,512            |
| 93                           | S03M    | 163                            | 25,296,059      | 155,191           | \$19,595,097      | \$120,215           |
| 93                           | S03T    | 1875                           | 218,071,180     | 116,305           | \$145,328,506     | \$77,509            |
| <b>Salmon Set Gill Net</b>   |         |                                |                 |                   |                   |                     |
| 93                           | S04D    | 157                            | 3,796,287       | 24,180            | \$5,000,640       | \$19,114            |
| 93                           | S04E    | 30                             | 1,025,806       | 34,194            | \$802,332         | \$30,078            |
| 93                           | S04F    | 9                              | 3,169           | 352               | \$0               | \$0                 |
| 93                           | S04H    | 641                            | 14,668,304      | 22,883            | \$14,314,327      | \$22,331            |
| 93                           | S04K    | 176                            | 16,841,088      | 95,688            | \$7,724,543       | \$43,889            |
| 93                           | S04M    | 113                            | 8,555,180       | 75,710            | \$5,632,529       | \$49,845            |
| 93                           | S04P    | 35                             | 44,985          | 1,285             | \$95,252          | \$2,721             |
| 93                           | S04T    | 965                            | 32,627,106      | 33,810            | \$21,747,803      | \$22,537            |
| <b>Salmon Gill Net</b>       |         |                                |                 |                   |                   |                     |
| 93                           | S04W    | 787                            | 6,727,902       | 8,442             | \$4,046,977       | \$5,078             |
| 93                           | S04X    | 114                            | 604,315         | 5,301             | \$232,619         | \$2,041             |
| 93                           | S04Y    | 682                            | 2,421,420       | 3,550             | \$5,378,271       | \$7,886             |
| 93                           | S04Z    | 128                            | 1,220,579       | 9,336             | \$365,763         | \$2,857             |
| <b>Salmon Troll</b>          |         |                                |                 |                   |                   |                     |
| 93                           | S05B    | 600                            | 2,668,300       | 4,481             | \$3,156,230       | \$5,260             |
| 93                           | S15B    | 836                            | 20,784,448      | 24,862            | \$23,470,195      | \$28,074            |
| <b>Salmon Fishwheel</b>      |         |                                |                 |                   |                   |                     |
| 93                           | S08P    | 88                             | 98,760          | 1,122             | \$224,981         | \$2,557             |

## HOUSE COMMITTEE REPORT

(5)  
Date Referred: February 1, 1995

FURTHER REFERRALS: Labor & Commerce

Date of Committee Action: 2/20/95

The HOUSE SPECIAL COMMITTEE ON FISHERIES Committee considered: HB 140

## SMALL FISH PROCESSOR SURETY BONDS

"An Act relating to surety bonds required of certain fish processors."

recommends it be replaced with the following committee substitute CSHB 140 (FSH) ☒ the same title ☐ a new title

[ ] additional referral to \_\_\_\_\_ Committee  
[ ] attached amendment(s)

ADOPTS: Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)

[ ] fiscal note(s) \_\_\_\_\_ [ ] fiscal note(s) \_\_\_\_\_

☒ zero fiscal note(s) Revenue ☐ zero fiscal note(s) \_\_\_\_\_

[illegible]

**CHAIR'S SIGNATURE**

2/20/95



HOUSE SPECIAL COMMITTEE ON FISHERIES

DATE: 2/20/95

PLACE: Rm. 124

SUBJECT OF MEETING:

HB 140

HB 141

| NAME        | REPRESENTING | BUSINESS/PERSONAL MAILING ADDRESS |           | ZIP   | (H) PHONE | (W) PHONE | DO YOU WANT TO TESTIFY? |   | WHAT SUBJECT/ WHICH BILL? |
|-------------|--------------|-----------------------------------|-----------|-------|-----------|-----------|-------------------------|---|---------------------------|
| Jay McLure  | UFA          | 212 45th                          | 112 Suite |       | 586 2820  | 586 2820  | X                       | N | 141                       |
| Geron Bruce | ADF+G        | Bx 25526                          | Juneau    | 99802 |           | 465-6143  | (Y)                     | N | HB 141                    |
|             |              |                                   |           |       |           |           | Y                       | N |                           |
|             |              |                                   |           |       |           |           | Y                       | N |                           |
|             |              |                                   |           |       |           |           | Y                       | N |                           |
|             |              |                                   |           |       |           |           | Y                       | N |                           |
|             |              |                                   |           |       |           |           | Y                       | N |                           |
|             |              |                                   |           |       |           |           | Y                       | N |                           |
|             |              |                                   |           |       |           |           | Y                       | N |                           |
|             |              |                                   |           |       |           |           | Y                       | N |                           |
|             |              |                                   |           |       |           |           | Y                       | N |                           |