



JOINT LEGISLATIVE SALMON INDUSTRY TASK FORCE

MEMBERS

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Representative Gary Stevens, Vice-chair
Senator Alan Austerman
Representative Bill Williams
Senator Kim Elton
Representative Drew Scalzi
Sue Aspelund
Sam Cotten
Duncan Fields
Don Giles
John Lowrance
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TASK FORCE STAFF

Phelan Straube
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- Senator Kim Elton, Chair
- Duncan Fields, Vice-chair – *Commercial salmon setnet fisherman; Shoreside Consulting, Kodiak*
- Gary Slaven – *Commercial fisherman in Southeast for multiple species; Alaska Seafood Marketing Institute, board member, Petersburg*
- Paul Dale – *Snug Harbor Seafoods, Kenai*
- Dale Kelley – *Alaska Trollers Association, Executive Director, Juneau*
- Jamie Kenworthy – *Alaska Science and Technology Foundation, Executive Director, Anchorage*
- Pat Shanahan – *Shanahan Strategic Planning and Communications, President, Seattle*
- Eric Rosvold – *Commercial seine salmon fisherman in Southeast, Petersburg*
- Kevin Adams – *Commercial drift salmon fisherman in Bristol Bay; fisheries business owner, Naknek and Anchorage*

Subcommittee Assets

- Chris McDowell – *McDowell Group, Juneau*
- Jill Klein – *Yukon River Drainage Fisheries Association, Anchorage*
- Gunnar Knapp – *University of Alaska, Institute for Social and Economic Research, Anchorage*
- Gail Marshall – *Phoenix Food Consulting, Anchorage*
- Alaska Seafood Marketing Institute Staff
- Quentin Fong – *University of Alaska, Seafood Marketing Specialist, Marine Advisory Program, Fairbanks*
- Kathy Hansen – *Southeast Alaska Fishermen's Alliance, Executive Director, Juneau*
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- Carrie Sykes – *Central Council Tlingit-Haida, Economic Development, Juneau*
- Glenn Haight – *Department of Community and Economic Development, Division of Community and Business Development, Fisheries Development Specialist, Juneau*
- Greg Wolf – *Department of Community and Economic Development; Director, Division of International Trade and Market Development, Anchorage*
- Bruce Schactler – *United Salmon Association, Kodiak*
- Jeff Stephan – *United Fishermen's Marketing Association, Kodiak*
- Mark Herrmann – *University of Alaska, Professor of Management, Fairbanks*
- Greg Fisk – *Department of Community and Economic Development, Division of Community and Business Development, Fisheries Development Specialist, Juneau*
- Cheryl Sutton - *Task Force Staff*
- Ian Fisk – *Staff to Senator Alan Austerman*

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- Representative Drew Scalzi, Chair
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- Don Giles – *Icicle Seafoods, President, Seattle*
- Doug Roberts – *Wrangell Seafoods, Wrangell*
- Robert Heyano – *Commercial salmon drift fisherman in Bristol Bay, Dillingham*
- Lela Klingert – *Commercial Fishing and Agricultural Bank, Anchorage*
- Jim Kallander – *Commercial fisherman for multiple species in Prince William Sound; tender operator; Alaska Seafood Marketing Institute, board member, Cordova*
- Alec Brindle – *Wards Cove, President, Seattle*
- Gary Fandrei – *Cook Inlet Aquaculture Association, Executive Director, Kenai*

Subcommittee Assets

- Greg Winegar – *Department of Community and Economic Development, Division of Investments, Director, Juneau*
- Kelley Sharp – *Department of Community and Economic Development, Division of Investments, Lending Branch Manager, Juneau*
- Berney Richert – *United States Department of Commerce, Economic Development Administration, Regional Director, Anchorage*
- Glenn Haight – *Department of Community and Economic Development, Division of Community and Business Development, Fisheries Development Specialist, Juneau*
- Chuck Harlamert – *Department of Revenue, Tax Division, Juneau Section Chief, Juneau*
- Mary McDowell – *Commercial Fisheries Entry Commission, Commissioner, Juneau*
- Bruce Twomley – *Commercial Fisheries Entry Commission, Chairman, Juneau*
- Cheryl Sutton – *Task Force Staff*
- Pat Hartley – *Staff to Representative Drew Scalzi*

QUALITY SUBCOMMITTEE

- Representative Gary Stevens, Chair
- John Lowrance, Vice-chair - *Leader Creek Fisheries, President, Naknek and Seattle*
- Sam Cotten – *Aleutians East Borough; commercial salmon seiner in Cook Inlet, Eagle River*
- Eric Jordan – *Commercial salmon troller in Southeast, Sitka*
- Bob Waldrop – *Redpoint Associates, President, Seattle*
- Greg Favretto – *Favco, Anchorage*
- Steve Grabacki – *Graystar Pacific Seafood, Limited, President, Anchorage*

- Jim Yonker – *Ocean Beauty Seafoods, Director of Corporate Quality Assurance and Government Relations, Seattle*
- Brandii Ohlsen – *Fish Inspector for Kenai Wild Brand, Incorporated, Kenai Peninsula Borough, Soldotna*

Subcommittee Assets

- The Alaska Manufacturers' Association, Anchorage
- Surefish, Seafood Quality Specialists, Seattle
- Don Kramer – *Director, University of Alaska at Fairbanks Marine Advisory Program, Fairbanks*
- Alaska Seafood Marketing Institute Staff
- Phelan Straube – *Task Force Staff*
- Katrina Matheny – *Staff to Representative Gary Stevens*
- Ian Fisk – *Staff to Senator Alan Austerman*

PRODUCTION SUBCOMMITTEE

- Representative Bill Williams, Chair
- Robin Samuelsen, Vice-chair - *Bristol Bay Economic Development Corporation; commercial salmon drift fisherman in Bristol Bay, Dillingham*
- Don Giles – *Icicle Seafoods, President, Seattle*
- Terry Gardiner – *NorQuest Seafoods, Ketchikan and Seattle*
- Tom Manos – *Commercial salmon seiner in Southeast, Girdwood*
- George Yaska – *Tanana Chiefs Conference, fisheries development, Fairbanks*
- Chris Moss – *Kenai Peninsula Borough Assembly; commercial salmon seine and drift fisherman in Cook Inlet, Homer*

Subcommittee Assets

- Mary McDowell – *Commercial Fisheries Entry Commission, Commissioner, Juneau*
- Bruce Twomley – *Commercial Fisheries Entry Commission, Chairman, Juneau*
- George Utermohle – *Attorney, Legislative Legal Services, Juneau*
- John Lowrance – *Leader Creek Fisheries, President; Task Force member, Naknek and Seattle*
- Cheryl Sutton – *Task Force Staff*
- Pete Ecklund – *Staff to Representative Williams*

GOVERNANCE SUBCOMMITTEE

- Senator Alan Austerman, Chair
- Stephanie Madsen, Vice-chair – *Pacific Seafood Processors Association, Vice-president, Juneau*
- Duncan Fields – *Commercial salmon setnet fisherman: Shoreside Consulting, Kodiak*
- Jon Carter – *Douglas Island Pink and Chum, Juneau*

- Adelheid Herrmann – *Native American Fish and Wildlife Society, Naknek*
- Heather McCarty – *McCarty and Associates, Juneau*
- Thom Wischer – *United Salmon Association, Kodiak*
- Dr. Roland Maw – *United Cook Inlet Drift Association, Executive Director; commercial salmon drift fisherman in Cook Inlet; tender operator, Kenai*
- Trefon Angasan – *Bristol Bay Economic Development Corporation; commercial salmon drift fisherman in Bristol Bay, South Naknek*
- Jill Klein – *Yukon River Drainage Fisheries Association, Anchorage*
- Robert P. Zuanich – *Alaska Seine Boat Owners Association, Anchorage*

Subcommittee Assets

- Phelan Straube – *Task Force Staff*
- Ian Fisk – *Staff to Senator Alan Austerman*

Introduction

The Joint Legislative Salmon Industry Task Force, created by concurrent resolution in the twenty-second legislature, was formed with a clear public mission. Commercial salmon industry professionals representing a cross-section of the industry and the state looked to the legislature for assistance to reclaim lost market share and foster an environment that encourages expansion into new markets. The legislature's recognition of the importance of the commercial salmon industry to the state was proven in their dedication in forming the task force. World seafood markets are recasting and change is inevitable for Alaska. The industry remains optimistic that through reclamation and change the commercial salmon industry in Alaska will improve.

The Alaska commercial salmon industry faces multiple challenges as it moves through this century. Alaska contains more than 34,000 miles of coastline – more than the rest of the United States combined. This provided a daunting challenge for all involved. However, all the task force participants showed the indomitable spirit of Alaskans.

The further challenge to lawmakers on the task force was to appoint a diverse group of industry professionals who would view the trial facing the salmon industry as a single community. This meant setting aside regional and other biases, resolving to view the varying components of the commercial salmon industry as essential to the whole, and coming to the table not only to contribute but also to learn. The work produced by the task force proves Alaskans once again met the challenge.

The revenues resulting from the industry, directly and indirectly, serve as the economic backbone for a large part of Alaska. In many coastal regions of Alaska, the seafood industry generates nearly all of the economic activity. The industry is not a monolith. Diverse species, product forms, markets, harvest methods, individuals, and areas comprise to make the whole. In spite of this seemingly overwhelming obstacle, enormous progress was made.

It is essential to understand the industry did not look to the legislature to create a panacea. They looked for assistance through developing communication, exchanging information, and working in a partnership with the legislature. The task force recommendations attest to the success of achieving these objectives.

The report will show the effort and results. In many ways, the work has just begun and the members of the task force have identified continuing issues and desire to press forward. A recommendation to extend the life of the task force is included.

A public member of the task force recently stated the essence of the task force: "I see the task force as being the communication bridge between the industry and the legislature regarding issues of concern." Dynamic, concerted action is urgently needed and the momentum gained should not be lost but continued.

Process

The Joint Legislative Salmon Industry Task Force, chaired by Senator Ben Stevens, gaveled in on July 22, 2002, in Anchorage. The first order of business was to develop a clear mission statement. Its mission statement states:

“The goal of the Legislative Salmon Industry Task Force is to evaluate the State of Alaska’s statutory framework for Alaska’s wild salmon industry as well as current industry practices and to make recommendations for statutory, regulatory and structural changes that will improve the industry while recognizing Alaska’s coastal economy.”

Five subcommittees were formed consisting of task force and public members. The subcommittees are Finance, Governance, Marketing, Production, and Quality. Once the subcommittees were formed, they too had to develop a focused mission to ensure success.

The subcommittees met independent of the task force to begin their work. The subcommittees met over 43 times in a very public process. The task force met 7 times as a whole to consider the work of the subcommittees, receive public input, and to act upon proposed recommendations.

Public hearings were held in Ketchikan, Petersburg, Sitka, Sand Point, Soldotna, Homer, Cordova, Anchorage, Dillingham, Kodiak, Seattle, and on KDLG’s Talk of Alaska. The members of the task force split the responsibility and at least 3 members attended in each area. Members attempted to go to areas where they were less informed on the issues in an attempt to broaden their understanding of the needs of each area. The meetings were well attended and the testimony received was incorporated into the task force deliberations.

The United Fishermen of Alaska created a web site where all the task force activity was posted and available. Additionally, they created a format for receiving proposals from the public. They received, posted, and made available to the task force over 279 proposals. The subcommittees reviewed each proposal and incorporated them into their discussions, deliberations, and recommendations to the task force.

The task force wanted to ensure a comprehensive public process and every effort was made in this regard. The dedication and commitment of each subcommittee member, the subcommittee assets, and the task force members is apparent in the recommendations being forwarded.

Recommended Legislation

Salmon Task Force

1. “Extending the termination date of the Joint Legislative Salmon Industry Task Force until 2005.” *23-LS0318\A*

Finance

2. “An Act relating to the emergency order authority of the commissioner of fish and game and to meetings of the Board of Fisheries.” *23-LS0166\A*
3. “An Act relating to payment of the fisheries business tax and to security for collection of the fisheries business tax.” *23-LS0170\A*
4. “An Act relating to loans to satisfy past due federal tax obligations of commercial fishermen and to the commercial fishing loan program.” *23-LS0165\I*
5. “An Act relating to a salmon product development tax credit under the Alaska fisheries business tax and the Alaska fisheries resource landing tax; and providing for an effective date.” *23-LS0169\D*
6. “An Act relating to the transportation and sale of commercially caught fish by an agent of a commercial fishing permit holder and to the sale of fish; and providing for an effective date.” *23-LS0167\A*

Production

7. “An Act relating to commercial fishing privileges of persons who hold multiple entry permits for a salmon fishery.” *23-LS0323\A*
8. “An Act relating to a buy-back surcharge on the renewal of entry permits and administration of an entry permit buy-back program.” *23-LS0322\D*

Quality

9. "An Act relating to standards for chilling and delivery of commercially caught salmon; and providing for an effective date." *23-LS0321\I*

Governance

10. Task Force Resolution to the Alaska Board of Fisheries.

11. “An Act relating to participation in matters before the Board of Fisheries by members of the board; and providing for an effective date.” *23-LS0313\A*
12. “An Act establishing the Alaska Commercial Seafood Commission; and providing for an effective date.” *23-LS0314\A*
13. “An Act relating to the wages of people working in the fisheries business.” *23-LS0315\D*

Marketing

14. “Relating to additional state funding for seafood marketing programs of the Alaska Seafood Marketing Institute.” *23-LS0168\D*

Sectional Analysis

Task Force

“Extending the termination date of the Joint Legislative Salmon Industry Task Force until 2005.” *23-LS0318\A*

Intent

To continue the work of the Joint Legislative Salmon Industry Task Force to March 2005.

Sectional Analysis

- Extends the Joint Legislative Salmon Industry Task Force to March 2005.
- Original legislative members continue to serve unless the member no longer serves in the legislature, resigns, or is jointly removed by the president of the senate and speaker of the house of representatives.
- Original public members continue to serve unless the member resigns or is jointly removed by the president of the senate, the speaker of the house of representatives, and the legislative members of the task force.
- Vacancies shall be filled in the same manner as the original appointment.
- The Joint Legislative Salmon Industry Task Force submits a final report to the legislature by January 31, 2005.

Sectional Analysis

Finance

“An Act relating to the emergency order authority of the commissioner of fish and game and to meetings of the Board of Fisheries.” *23-LS0166\A*

Intent

To clarify the roles of the Board of Fisheries and the commissioner of the Department of Fish and Game relative to emergency order authority; to formalize the procedures for setting the agenda of the Board of Fisheries; and, to clarify what constitutes conservation concern.

Sectional Analysis

Section 1.

- Amends the uncodified law by adding “Findings and Intent” language.

Section 2.

- Amends AS 16.05.060 by adding a new section that clarifies the emergency order authority of the commissioner of fish and game, or his designee, relative to the management and execution of fisheries.

Section 3.

- Amends AS 16.05.300 to incorporate the board’s regulatory language as it pertains to changing adopted agendas.
- If an agenda change request states as its basis a conservation concern, the commissioner of fish and game must concur with the Board of Fisheries that a fishery conservation issue exists and that it cannot be resolved under current regulations.

Sectional Analysis

Finance

“An Act relating to payment of the fisheries business tax and to security for collection of the fisheries business tax.” *23-LS0170\A*

Intent

To allow processors the option of paying the fisheries business tax on a monthly basis under the reduced bonding amount available to fresh fish buyers.

Sectional Analysis

Section 1.

- Amends AS 43.75.030(d) to allow monthly payments for the fisheries business tax.

Section 2.

- Amends AS 43.75.055(c) to include procedures for filing a report prescribed by the Department of Revenue and states the tax payment schedule and structure.

Section 3.

- Amends AS 43.75.055 to make the bonding requirements and monthly tax payments available to those who process a fishery resource.

Sectional Analysis

Finance

“An Act relating to loans to satisfy past due federal tax obligations of commercial fishermen and to the commercial fishing loan program.”

23-LS0165\I

Intent

To make available through the state’s commercial fishing revolving loan fund the option of securing a loan to satisfy past due federal taxes; to eliminate the loan refinancing origination charge; and, to provide some latitude to the Division of Investments on the time frame for advertising and selling foreclosed permits.

Sectional Analysis

Section 1.

- Amends AS 16.10.310 to add a loan option to the commercial fishing revolving loan fund to satisfy past due federal tax obligations and delineates the requirements that must be met to receive a “tax” loan.
- Eliminates the refinancing loan origination charge of one-half percent.

Section 2.

- Amends AS 16.10.320(d) to make available \$30,000 in loan funds to satisfy past due tax obligations and describes this loan’s relationship to other loans the borrower may have under this program.

Section 3.

- Amends AS 16.10.337(b) by removing the word “promptly” to allow the Division of Investments some latitude on advertising and selling foreclosed permits.

Sectional Analysis

Finance

“An Act relating to a salmon product development tax credit under the Alaska fisheries business tax and the Alaska fisheries resource landing tax; and providing for an effective date.” *23-LS0169\D*

Intent

To provide a salmon product development tax credit to encourage the development of new salmon products to expand the markets and product form for Alaska salmon.

Sectional Analysis

Section 1.

- Amends AS 43.75 [Fisheries Business Tax] to add a salmon product development tax credit of 50 percent of the taxpayer’s tax liability for salmon and is applicable to new property first placed into service in a shore-based plant or on a vessel in the state.
- The tax credit cannot exceed 50 percent of the taxpayer’s liability or be applied for investment costs incurred after December 31, 2005.
- Delineates how the tax credit is structured and describes how a taxpayer manages arrears.
- Provides definitions for this section.

Section 2.

- Amends AS 43.75.130 by adding a new subsection (g) to provide that tax credits approved under this measure are not to be deducted when calculating tax revenue collected under AS 43.75.015.

Section 3.

- Amends AS 43.77 [Fishery Resource Landing Tax] to add a new section for a salmon product development tax credit of 50 percent for new property first placed into service on a vessel in the state.
- The tax credit cannot exceed 50 percent of the taxpayer’s liability or be applied for investment costs incurred after December 31, 2005.
- Delineates how the tax credit is structured and describes how a taxpayer manages arrears.
- Provides definitions for this section.

Section 4.

- Amends AS 43.77.060 by adding a new subsection (f) to provide that tax credits approved under this measure are not to be deducted when calculating tax revenue collected under AS 43.75.015.

Section 5.

- Repeals AS 43.75.035, 43.75.130(g); and, AS 43.77.037, 43.77.060(f).

Section 6.

- Makes Sections 1 - 2 retroactive to January 1, 2003.

Section 7.

- If the attorney general provides notification under sec. 9(2) of this Act, section 5 of this Act is retroactive to January 1, 2003.

Section 8.

- Sections 1 – 4 and 6 of this Act take effect immediately under AS 01.10.070(c).

Section 9.

- Section 5 of this Act takes effect on the earlier of January 1, 2009, or if the attorney general notifies the lieutenant governor and the revisor of statutes that a court has entered a final judgment that AS 43.75.035 or AS 43.77.037, enacted by sections 1 and 3 of this Act, violate the commerce clause contained in article I, section 8, of the United States Constitution; and, the time for an appeal of that judgment has expired or if an appeal was taken, a final order has been entered that AS 43.75.035 or AS 43.77.037, as enacted by sections 1 and 3 of this Act, violates the commerce clause contained in the United States Constitution.

Section 10.

- Section 7 of this Act takes effect on the date of the attorney general's notification under section 9(2) of this Act.

Sectional Analysis

Finance

“An Act relating to the transportation and sale of commercially caught fish by an agent of a commercial fishing permit holder and to the sale of fish; and providing for an effective date.” *23-LS0167\A*

Intent

To allow fishermen more autonomy and flexibility to explore new markets for salmon by allowing a “transporter” to act as their agent in the sale of fish.

Sectional Analysis

Section 1.

- Amends AS 16.05.671 to add a new section that permits the transportation and sale of commercially caught fish by an agent of a commercial fisherman.
- Provides for the issuance of a “fish transporter permit.”
- Delineates the process and the required records and reports that must be maintained.

Section 2.

- Amends AS 16.05.675(a) to add the “fish transporter permit.”

Section 3.

- Amends AS 16.05.680 to allow the holder of a “fish transporter permit” to act as an agent of the holder of a limited entry, interim-use, or landing permit for the sale of salmon.

Section 4.

- Amends AS 16.10.265(a) to permit the holder of a “fish transporter permit” to sell the salmon on behalf of the fisherman who caught the fish with written authorization from the harvester.

Section 5.

- Amends AS 16.10.267(b) to add the “fish transporter permit” as valid documentation for a peace officer.

Section 6.

- Amends AS 16.10.267(c) to describe acceptable identification.

Section 7.

- Amends AS 16.10.267 to add a new section specifying the form of identification required for a fish transporter when acting as the agent of the commercial fisherman who caught the fish.

Section 8.

- Establishes an immediate effective date.

Sectional Analysis

Production

“An Act relating to commercial fishing privileges of persons who hold multiple entry permits for a salmon fishery.” 23-LS0323\A

Intent

To allow incremental fishing privileges for each additional permit an individual holds.

Sectional Analysis

Section 1.

- Allows the Board of Fisheries to exercise incremental additional fishing privileges for each additional permit an individual holds in the fishery.
- The board may adopt these regulations if they determine that the proposed regulation results in a decrease of the total fishing capacity and capitalization. [Amended AS 16.43.140(c)(5) this measure].
- The board may not adopt, amend, or repeal a regulation until the department conducts a referendum of the permit holders within a fishery and it is approved by 66 percent of the permit holders.
- Does not allow the board to authorize any activity that suspends or modifies a statutory provision under Title 16.

Section 2.

- Amends AS 16.43.140 to authorize the Commercial Fisheries Entry Commission to assign additional privileges for individuals who hold more than one entry permit in a fishery in accordance with regulations adopted by the Board of Fisheries under Section 1 of this measure.

Sectional Analysis

Production

“An Act relating to a buy-back surcharge on the renewal of entry permits and administration of an entry permit buy-back program.” *23-LS0322\D*

Intent

To allow a surcharge to be collected by the Commercial Fisheries Entry Commission to offset the direct cost of a buy-back program.

Sectional Analysis

Section 1.

- The Commercial Fisheries Entry Commission conducts a referendum of entry permit holders in a fishery.
- If approved by 66 percent of the entry permit holders, the commission may impose a buy-back surcharge on renewal of permits in a fishery where a buy-back fund has been established under AS 16.43.310(a).
- The commission may establish a buy-back surcharge in lieu of or in conjunction with a permit buy-back assessment under AS 16.43.310(b).
- The commission shall set the amount of the surcharge.

Section 2.

- Amends AS 16.43.320 to include a second requirement for the termination of a buy-back program.
- A buy-back program is terminated when the state has collected sufficient revenue from either a buy-back assessment or a buy-back surcharge on the renewal of entry permits to offset the direct cost of the buy-back program.

Sectional Analysis

Quality

“An Act relating to standards for chilling and delivery of commercially caught salmon; and providing for an effective date.” *23-LS0321/I*

Intent

To increase the quality of Alaska salmon through the implementation of mandatory chilling and delivery standards.

Sectional Analysis

Section 1.

- Amends the uncodified law of the State of Alaska by adding a new section containing findings and intent.
- The legislature finds it is essential that the Alaska salmon industry produce a high quality seafood product.
- The legislature finds the most effective means for fishermen to maintain quality is through various forms of chilling and through prompt delivery to a processor.
- The legislature finds that mandatory standards for chilling will impose significant costs.
- The legislature finds that assistance and funding must be made available.
- The legislature intends to seek and encourage financial support and technical assistance through federal, state, and other sources to offset these costs.

Section 2.

- Amends AS 17.20.069 to require the commissioner of the Department of Environmental Conservation, after consultation with the Alaska Seafood Marketing Institute, to develop mandatory standards for chilling and delivery of salmon taken in a salmon fishery.
- The standards shall include minimum requirements for chilling of salmon at the time of capture or prompt delivery of salmon to a seafood processing facility or both.

Section 3.

- Amends the uncodified law of the State of Alaska by adding a new section requiring the commissioner of the Department of Environmental Conservation to adopt by regulation salmon chilling and delivery standards under Section 2 on or before January 1, 2004.
- The commissioner shall implement the standards throughout the state by January 1, 2008.

Section 4.

- Establishes an immediate effective date.

Sectional Analysis

Governance

“An Act relating to participation in matters before the Board of Fisheries by members of the board; and providing for an effective date.” *23-LS 0313\A*

Intent

To have Board of Fisheries’ members disclose any personal or financial interests on the record, participate in discussion of all proposals before the board, and vote on these proposals.

Sectional Analysis

Section 1.

- Amends the uncodified law to state the purpose of the Act. That purpose is to preserve and enhance the ability of the Board of Fisheries to act as a lay board.

Section 2.

- Amends AS 39.52.120(c) by removing the Board of Fisheries.

Section 3.

- Amends AS 39.52.120 to require Board of Fisheries’ members to disclose a personal or financial interest on the record before participating in matters before the board. Disclosure of personal or financial interests does not disqualify a member from participating in matters before the board.

Section 4.

- Establishes an immediate effective date.

Sectional Analysis

Governance

“An Act establishing the Alaska Commercial Seafood Commission; and providing for an effective date.” *23-LS0314\A*

Intent

To create one entity that will gather and report on the “state of the state” of all seafood in Alaska and make recommendations for the development of the seafood industry.

Sectional Analysis

Section 1.

- Amends AS 44.33 to establish the Alaska Commercial Seafood Commission within the Department of Community and Economic Development.
- Commission composed of nine members who have at least five years’ experience in the various aspects of the commercial seafood industry in Alaska.
- The governor appoints five members.
- The president of the Senate appoints two members
- The Speaker of the House of Representatives appoints two members.
- Each member serves at the pleasure of the appointing authority.
- The commission makes recommendations to the governor and legislature on ways to mitigate constraints on the development of the commercial seafood industry in Alaska.
- Requires the commission to report its recommendations to the governor each year during the first ten days of the regular session.
- Requires the commission to notify the legislature that the report is available.

Section 2.

- Establishes an immediate effective date.

Sectional Analysis

Governance

“An Act relating to the wages of people working in the fisheries business.”
23-LS0315\D

Intent

To allow employers who engage in a fisheries business to deduct from the applicable minimum wage, by written agreement between the employer and employee, the reasonable cost of board and lodging furnished by the employer.

Sectional Analysis

Section 1.

- Amends AS 23.10 (Alaska’s Wage and Hour Act) to add a new section on wages paid to employees in a fisheries’ business as defined in AS 43.75.290 – “fisheries business” means a person who engages in processing fisheries resources for sale by freezing, cooking, salting, or other method and includes but is not limited to canneries, cold storages, freezer ships, and processing plants.
- Based upon written agreement between employer and employee, an employer engaged in a fisheries business may pay less than the minimum wage to their employee for the reasonable cost of room and board furnished by the employer if the cost to the employee for the use of the employer’s board and lodging facilities is reasonable and without profit to the employer and if the board and lodging facilities are customarily furnished by the employer and used by the employees.

Sectional Analysis

Marketing

“Relating to additional state funding for seafood marketing programs of the Alaska Seafood Marketing Institute.” *23-LS0168\D*

Intent

To secure \$5 million in general fund monies for appropriation to the Alaska Seafood Marketing Institute for salmon promotion.

Other Recommendations

The Joint Legislative Salmon Industry Task Force adopted the following recommendations to forward to the Governor and Legislature.

Quality

1. Funding for education/training for harvesters and processors necessary to meet recommended salmon quality goals.

Governance

1. The Department of Fish & Game should develop criteria and a process for the distribution of Dingle-Johnson monies to private non-profit hatcheries and other commercial fishing entities with sport fish enhancement projects.
2. The Administration should review and analyze governmental programs that respond to salmon disaster declarations in Alaska. In addition, a socio-economic study should be conducted on the affects of the salmon crisis on Alaska's fishing industry and the regions and communities affected by the crisis. As the state and industry go through this period of hardship, adequate data are necessary to assess the impacts of proposed policy and management choices.
3. The legislature should review current limitations on the disposal of salmon carcasses to see if there would be new opportunities to provide economic benefit to the salmon industry. Regulations should be consistent and all segments of the salmon industry should be treated in the same manner.
4. The legislature should conduct a comprehensive review of the Board of Fisheries process and authority including, but not limited to, the following list of topics:
 - A. **Number of proposals:** Currently the board must spend considerable time on proposals that often have been submitted by individuals with no agreement from other stakeholders in the fishery in question. Suggestions to mitigate this problem include using the Advisory Committees as screening bodies for any proposal, requiring the signatures of a given number of permit holders in the fishery, and charging fees for submission of proposals.
 - B. **Proper consideration and review of documents related to proposals:** A significant hindrance to good public process occurs when the board considers scientific studies, legal opinions, socio-economic studies, CFEC

reports, ADF&G staff reports, and reports of Advisory Committees without giving the public adequate time to review the material.

- C. **Composition and function of the board:** The Board of Fisheries was established in the early 1970s with 7 members. Since then, the workload of the board has been incrementally increased without any commensurate increase in the size of the board. The annual workload is up to 150 days. This is stressing the capabilities of board members and has led to a workload that is certainly not attractive to prospective volunteers for the board. Providing for a larger board might improve the public process by broadening the base of expertise amongst the membership and allowing committees of the board to better accomplish their missions. In addition to the number of members, some think that the board should be comprised of designated seats by region and/or by user group affiliation and that the board be professionalized (i.e. that board members should be paid professionals so they can be a full-time board).
- D. **Allocation criteria:** Because the board has the power to allocate resources between user groups, it holds considerable power over those who depend on fisheries for their source of income. A review of the Board of Fisheries should include further analysis of the criteria used by the board to make allocative decisions. Those criteria should include consideration of the economic ramifications to those presently engaged in the fisheries and limit the annual rate of change between allocation percentages of given fisheries. Furthermore, the legal language should be changed to mandate that the board “shall” consider these criteria in making allocative decisions.
- E. **Developing fisheries:** A review of the Board of Fisheries should include a review of the role of the board in limiting development of new fisheries. Some believe that the Alaska Department of Fish & Game should be the primary agency to allow for exploration of new fisheries. Political issues (through the Board of Fisheries) should not play into the equation until and if any given developing fishery has allocative issues to address.
- F. **The relationship between the Board of Fisheries and the Regional/Local Advisory Committees:** A review should look into the use of the Advisory Committees as screening mechanisms for proposals and as potential checks and balances on board powers. A review should also consider the idea of changing advisory committees’ structure from a community-by-community basis to a fishery basis at the regional level.
- G. **Emergency Order Authority of the Commissioner of Fish and Game:** The relationship between the board and the commissioner should be investigated to clarify the powers of the commissioner to carry out in-season management by way of the emergency order. Micro-management by the board should be avoided where possible so that area managers have the flexibility they need to adjust openings and closures in order to manage fisheries for the maximum benefit of the people.
- H. **Funding:** Board funding has not kept up with the increased workload of the board. A review should include an analysis of what amount of funding

is truly needed for the board to accomplish its mission with a proper level of data collection and analysis and a better public process.

- I. **Confirmation process:** The current system allows the legislature to effectively veto confirmations by simply not taking them up. Thus the board confirmations can be used as a political tool in the final days of a legislative session. A suggested fix could include a deadline for confirmation hearings earlier in legislative session.
- J. **Committee process:** The board has increasingly relied on the committee process in order to process the volume of proposals that must be dealt with at each meeting. A review should include scrutiny of this process and the fact that committee proceedings are not currently on the record. Adequate public response to committee reports should be assured.
- K. **Review of powers and responsibilities of the Board of Fisheries in setting public policy that has statewide implications:** In this time of rapid change in the industry, it is important for the legislature and the public to consider the broader implications of decisions made by the board. Systematic changes must be managed with proper understanding of their economic and social ramifications.

Other Issues

The Joint Legislative Salmon Industry Task Force identified the following issues for further research and analysis. The following issues represent items that the Task Force has worked on and request further opportunities to complete their work. However, if extended, the Task Force will not limit its work to these issues.

Marketing

The Marketing Subcommittee notes that the initial committee recommendations left substantive marketing issues still on the table. The committee took seriously the recommendation by the Task Force that all subcommittees focus on initiatives with solutions that can be implemented in this session before delving into other important issues.

Because of this focus, the remaining important marketing issues that require further examination include but are not limited to:

1. Sustainable funding issues—generic salmon promotions are effective only if they occur consistently over time and state participation must be stabilized in a global environment where farmed salmon marketing occurs on a much higher level.
2. Funding ‘string’ issues—how can the state optimize federal dollars that often come with strings attached?
3. Marketing structural issues—are statutory changes needed to enhance marketing efforts and/or should there be bureaucratic changes that allow ASMI to better achieve promotional goals?
4. Regional marketing issues—do regional marketing efforts cause cognitive dissonance in domestic and export salmon markets, do regional marketing efforts cause Balkanization of promotional efforts leading to cognitive dissonance in the markets and/or fractionalization of financial resources so no effort has the monetary oomph to move the marketing needle, should regional marketing efforts be coordinated under one entity?
5. Product diversity issues—it is easier to move product in the markets if the product is available in a variety of product forms so what role does the state play in encouraging new product forms?
6. Quality issues—it is easy to sell a product once but difficult to sell again if the quality experience is a bad experience.

Statutory and regulatory changes as needed to simplify regulations pertaining to direct marketing by fishermen should include but not be limited to the following issues:

Objective

1. To develop a user-friendly statutory and regulatory structure for permit holders marketing their own catch.

Issues to be examined:

- A. Creating concise definitions for direct marketing and direct marketers.
- B. Simplifying the permitting and year-end reporting process and creating a single application packet for direct marketers.
- C. Clarifying the definition of “landing” and fish ticket requirements for catcher/processors delivering to licensed fisheries businesses in Alaska.
- D. Eliminating, to the extent possible, inconsistencies and conflicts between ADF&G, DEC, and DOR statutes and regulations.
- E. Establishing a working group of all affected stakeholders and agencies to identify issues and recommend solutions.

Objective

2. To restructure regulations and Department of Revenue (DOR) statutes to create a simple, fair and uniform tax structure for direct marketers.

Issues to be examined:

- A. Expanding tax exclusion in AS 43.75.017 so that direct marketers are excluded from tax responsibilities when selling processed product to licensed fisheries businesses in Alaska.
- B. Assessing all direct marketers 3% fisheries business tax. Currently small catcher/processor direct marketers are paying 5% and other direct marketers termed “catcher/sellers” are in a tax loophole. In this examination, the effects on communities and the state of changing tax rates will be evaluated.
- C. Adjusting statute so direct marketers pay all tax liabilities annually on one standardized return, based on the average annual dock price published by DOR. Currently, direct marketers pay their taxes on the first wholesale price, meaning that unlike other processors, they are taxed on the value added to their products.

Finance

The Finance Subcommittee seeks the opportunity to further research whether additional funding is required for the Commercial Fisheries Entry Commission to develop a program to project long-term forecasting of ex-vessel salmon prices and perform optimum number studies in the appropriate over-capitalized fishery areas.

1. Issues to be considered that pertain to state hatcheries:
 - A. Loan forgiveness and/or debt restructure and its benefits or detriments to the state.
 - B. An exploration of the association of private non-profits both under regional control and independent entities and an examination of recommendations that may help promote efficiencies and consistency.
 - C. The development of a more structured interaction between areas where hatcheries exist and areas where they do not for the purpose of exploring hatchery economic development options, education, and socio/economic impacts.
2. A comprehensive evaluation regarding fisheries tax structure, including, but not limited to:
 - A. The tax structure for direct marketers.
 - B. The inequity among different fisheries according to classification by various state agencies.
 - C. The “point of processing” depiction.
 - D. The tax differentiation between shore side and floater operations.
 - E. The fisheries business tax and its varying rates.
3. Continuing examination of the following items on loan forgiveness and debt retirement:
 - A. The benefits of fleet reduction in over-capitalized fisheries.
 - B. The benefits to expanding provisions in HB 286, 287, and 288 (measures passed in the 22nd Legislature) to allow greater flexibility for area and gear type self-determination.
 - C. “Local” economic stability should always be considered when developing criteria for fleet reduction.
 - D. Loan forgiveness, debt restructure, and permit retirement should be considered on an area and gear type basis as well as in the broad policy arena to ascertain the specific and collective financial benefit/deficit to the state.
4. Capital Construction Fund - the parameters of this fund should be examined and recommendations forwarded to expand its purposes to assist fishermen.

Quality

1. *(The Quality Subcommittee requests further study to analyze the impacts on the salmon industry.)* Existing statute AS 17.20.066(a) pertaining to a quality handling inspection seal should be reviewed and updated to include authorization for the issuance of an inspection seal to signify that seafood products have been packed in compliance with AS 17.20.065 and other basic handling practices identified in 18 AAC 34. Draft regulations implementing this authority should be widely vetted and finalized by January 1, 2004. The task force further recommends that in order to maintain needed flexibility and innovation, statewide grading standards be left to the private sector, including, but not limited to, the use of independent third party inspection processes to certify adherence to a given set of product specifications.

Production

1. The monetary contributions of all permit holders in a fishery to its long-term health particularly as it relates to a fleet reduction program.
2. A comprehensive review of the laws governing exclusive area and vessel registration for salmon limited entry permit holders should be pursued.

Governance

1. Further research, analyses, and development of recommendations and limitations on current cost recovery practices.
2. The Fisheries Education Working Group of the Governance Subcommittee should continue defining its work on Fisheries Education by working with the University of Alaska's Fisheries related programs, entities and initiatives; the Department of Education and other State of Alaska governmental departments to provide 1) an inventory or assessment of existing fisheries education, training and research programs; and, 2) the identification of additional efforts needed in order to develop new programs to address the needs of industry.