February 17, 2014

Representative Alan Austerman
Representative Bill Stoltze
Ch-chairs, House Finance Committee

RE: Support for HB 204

Dear Representatives Austerman and Stoltze,

On behalf of the Alaska Fisheries Development Foundation (AFDF), I would like to offer our support for HB 204 – Salmon and Herring Product Development Tax Credit.

AFDF is a collaboration of harvesters, processors, and support sector businesses which work to create opportunities out of challenges for Alaska's seafood industry. Since 1978, AFDF has worked on the issue of fish waste utilization starting with helping the industry produce surimi from pollock waste. This work continued with research on fish oils beginning in the 1980's which has been utilized by the industry to create omega-3 fish oil from salmon heads: http://www.afdf.org/salmon-byproduct-and-coproduct-research/#peer_reviewed_two . Most recently, AFDF sponsored the *Innovation Summit* and a *"Processor Symposium"* in Juneau with guest speaker, Thor Sigfusson, from the Iceland Ocean Cluster to discuss models for private development of high-value products from fish waste.

HB 204 will create an incentive for the seafood industry to take on the risk and investment necessary to increase the value received for Alaska's seafood resources. For example, over the past 15 years, the amount of seafood harvested in Iceland has declined by nearly half, however, the value received for its seafood has nearly doubled due to improved quality and utilization of fish waste in the creation of new products (via Sigfusson's presentation at the *Innovation Summit*).

Alaska produces over 2 billion pounds of fish waste each year. Consequently, an opportunity exists to increase the value received from its seafood by creating high value products from fish waste. ***All entities touched by the seafood industry will benefit from the increased value of this resource*** (e.g. harvesters, processors, support businesses, communities and the State of Alaska).

Thank you for your consideration.

Sincerely,

Julie Decker, Executive Director

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Alaska Fisheries Development Foundation, Inc.

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