

Representative Stutes:

I have been told that at the Kodiak Fisheries Work Group meeting yesterday you presented your report from Juneau on several issues, including the proposed tax increase on the seafood industry. You stated that you were not aware of any opposition to the proposed increase.

On behalf of Trident Seafoods, I want to make you aware that we do not support the Governor's proposed tax increase. We understand the need to increase revenues and sincerely want to help in that process. But the Governor's proposed increase on the seafood industry will result in an additional twenty-five to thirty percent increase in the seafood industry's State tax burden. That increase is extremely large for an industry that is in the middle of difficult economic times.

I humbly request you provide the seafood industry more time to consider the effects of the Governor's proposed tax increase that would occur on the heels of (1) increased labor cost because of higher minimum wage rates; (2) large increases health care costs; and, (3) significant declines in wholesale prices in global salmon and whitefish markets.

The Governor's proposed tax increase is a flat increase on all forms of seafood products. We would also appreciate the opportunity to see if there isn't a way to structure any tax increase so that it will minimize the negative impacts on seafood processors who produce value added products in Alaska, such as fillets and canned products.

As a member of the Pacific Seafood Processor Association, I am scheduled to meet with you next week to discuss a path forward on proposed increase in revenues from the seafood industry. Again, we want to work with you and the State on this issue, but please do not consider us not having spoken out earlier as support for the Governor's current proposal.

I look forward to seeing you next week.

Sincerely,

Joe Plesha
Trident Seafoods Corporation