



UNITED FISHERMEN OF ALASKA

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April 30, 2021

Speaker Louise Stutes
State Capitol Room 208
Juneau AK, 99801

RE: Support HB 188- Seafood Product Development Tax Credit

Dear Speaker Stutes,

United Fishermen of Alaska (UFA) is the statewide commercial fishing trade association, representing 36 commercial fishing organizations participating in fisheries throughout the state, and the federal fisheries off Alaska's coast.

United Fishermen of Alaska supports HB 188- Seafood Product Development Tax Credit bill and thanks you for once again introducing it. This bill seeks to extend the sunset date for the seafood product development tax and include pollock and cod.

The Seafood Development Tax Credit was developed when salmon prices were extremely low and has helped the processing sector to upgrade infrastructure and develop new products outside of canned salmon. The tax was extended to herring during a time of low prices and shrinking marketplace again helping to innovate product development. UFA appreciates extending the tax credit benefit to pollock and cod during a downturn in this industry. This seafood development tax credit is helpful to processors and has shown in the past through innovation and updated equipment to increase the raw fish tax paid into the State of Alaska.

Please do not hesitate to reach out with questions.

Regards,

Matt Alward
President

Frances H. Leach
Executive Director

Speaker Louise Stutes, Alaska House of Representatives
Phone: 907-465-2487
Rep.Louise.Stutes@akleg.gov

RE: Support for HB 188 – Seafood product development tax credit

Dear Speaker Stutes,

May 3, 2021

The Alaska Fisheries Development Foundation (AFDF) would like to express strong support for House Bill 188 which adds Alaska pollock and cod to the list of seafood which can qualify for seafood product development tax credits. This will encourage further value-added product development in the seafood industry. Product development is a risky investment for companies; however, it is critically important in order for the entire industry to remain competitive and relevant to consumers. The success of new products not only affects seafood businesses throughout the supply chain, but also hundreds of communities and support sector businesses in Alaska.

AFDF's membership is comprised of seafood harvesters, seafood processors, and support businesses. Founded in 1978, AFDF's mission is *to identify opportunities common to the Alaska seafood industry and develop efficient, sustainable outcomes that provide benefits to the economy, environment and communities.*

AFDF has historically worked on research and development to further value-added product development and full utilization of the resource. AFDF also encourages investment by the industry in these areas by organizing an annual competition for new products made from Alaska seafood – called the Alaska Symphony of Seafood (Symphony). The Symphony is designed to encourage value-added product development, maximize the value of the resource and diversify markets for Alaska seafood.

Past Grand Prize winners of the Symphony include Yummy Chummy Dog Treats by Artic Paws, Hali Halibut Baby Food by Bambino's Baby Food, Candied Salmon Ice Cream by Coppia, Bullwhip Hot Sauce by Barnacle Foods, and Protein Noodles by Trident Seafoods (pictured here).



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Founding Member of AFDF

The companies that invest in value-added product development of Alaska Seafood deserve special recognition; the risk taken by these companies benefits many communities, fishermen, and supply chain businesses, because “a rising tide floats all boats”.

Thank you for your sponsorship of this important bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Julie Decker". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Julie Decker, Executive Director, AFDF

Cc: AFDF Board of Directors

Founded 1975

Executive Director
Marleanna Hall

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RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

May 5, 2021

The Honorable Geran Tarr, Chair
House Special Committee on Fisheries
Alaska Legislature

Re: House Bill 188, An Act related to a seafood product development tax credit

Dear Chair Tarr, and members of the House Special Committee on Fisheries:

The Resource Development Council for Alaska, Inc. (RDC) is writing to support House Bill 188, an Act related to reauthorizing and expanding upon Alaska's seafood product development tax credit.

RDC is a statewide trade association comprised of individuals and companies from Alaska's fishing, forestry, mining, oil and gas, and tourism industries. RDC's membership includes Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

HB 188 increases the value of Alaska seafood by incentivizing new product development, and it allows seafood processors to be able to respond more effectively to changes in the market and consumer demand. Seafood processors have used the existing salmon tax credit to make critical investments in processing technologies for salmon that would have otherwise been cost prohibitive for some, and it has changed the face of salmon processing to an increase in fillet and other value-added salmon products that have a strong U.S. market. HB 188 would expand this program to include wild Alaska pollock and Pacific Cod. A higher value product means a higher return on investment for the state, coastal communities, and all participants, as fish taxes are based on fish value.

HB 188 would improve the ability to recover some portion of capital costs for new equipment to create marketable products out of the portions of the fish that would otherwise be wasted. There is no better way to increase the value of Alaska's seafood resources than to increase the utilization of a fish that has already been harvested. Reauthorizing the value added tax credit will help Alaska producers continue this progress and expand it more fully to other species.

In closing, RDC supports HB 188 because it improves the ability of Alaska seafood to compete in highly competitive markets, both domestically and abroad, while providing a higher value product that in turn benefits harvesters, processors, coastal communities and the state of Alaska, which assess fish taxes based on value.

Thank you for your consideration of our comments.

Sincerely,

Marleanna Hall
Executive Director

cc: Representative Louise Stutes, Bill Sponsor





April 30, 2021

Speaker of the House Louise Stutes
Email: Rep.Louise.Stutes@akleg.gov

Dear Speaker Stutes:

The Pacific Seafood Processors Association (PSPA) strongly supports HB 188, which would re-establish and augment the seafood product development tax credit, and we thank you for introducing this bill. At the February 22 Senate Resources Committee meeting, a committee member expressed interest during testimony in a more comprehensive evaluation of the benefits of the program. Please see the attached brief analysis in response to that request; the first page provides a summary of the conclusions, with supporting analysis provided in the appendix.

The salmon product development credit was enacted by the Alaska legislature in 2003, and the first credits were claimed against Fisheries Business Tax filings in 2004. Herring was added in 2014. An average of \$2.3 million has been provided in credits each year since program inception, with the majority used for salmon-related investments. For that reason, the following evaluation focuses on salmon, particularly sockeye and pink salmon, as those species represent the greatest value and volume.

The seafood product development credit both: 1) incentivizes higher utilization and value from each fish; and 2) provides a net gain to the State of Alaska and local communities by creating more and higher value products which generate higher tax (General Fund) revenue.

In sum, the analysis indicates the program has directly contributed to the generation of an additional \$114.4 million in net revenue to the State of Alaska General Fund (which is shared with municipalities at the direction of the legislature) due to product form changes and the resulting increase in product value since the inception of the credit. We recognize not all changes in product composition and value are directly related to the tax credit, as multiple other factors affect investment and market value. That said, product form composition is amply demonstrated in the attached analysis to have changed during the life of this program, with a correlating increase in value. This shift is due at least in part to the investment in value-added seafood equipment the tax credit supported.

Please let us know if you have any questions. We appreciate your sponsorship of HB 188, which would serve to retain and increase value-added seafood production in Alaska with consistent future benefits to the State.

Sincerely,

Chris Barrows, President PSPA

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May 5th, 2021

House Speaker Louise Stutes
House of Representatives
Alaska State Legislature
Email: Representative.Louise.Stutes@akleg.gov

RE: ICICLE SEAFOODS SUPPORT FOR HB 188 SEAFOOD PRODUCT DEVELOPMENT TAX CREDIT

Representative Stutes,

Icicle Seafoods operates a shorebased processing facility in Dutch Harbor and a floating processor in the Dutch Harbor area, both of which participate mainly in the pollock and cod fisheries in the Bering Sea and Aleutian Islands. With a long history of dependence in these fisheries, our processing platforms, employees, and independent harvesters depend on our ability to process efficiently and supply the market with high-quality desirable product and product forms. Alaska produces some of the most sustainable and sought-after seafood in the world and we pride ourselves on being a contributor to Alaska's economy since 1965.

Icicle is pleased to support HB 188, the extension of the Seafood Product Development Tax Credit bill with the inclusion of pollock and cod as eligible species under this long-standing and important program. The seafood industry is a critical component of Alaska's economy generating \$5.6 billion in economic value annually and creating more direct jobs than any other private industry in our state. We take our role as food producers seriously and we are proud to be part of the critical infrastructure of Alaska and the United States.

Seafood is Alaska's only major renewable resource industry. As such, our processing efforts and our harvesters continually face uncertainty such as fluctuating resource levels as well as domestic and international market conditions. Creating higher valued seafood products is one of the primary methods we have to increase the dockside price of fish for our harvesters. Through HB 188 and the inclusion of pollock and cod as eligible species, we would be able to purchase equipment to not only increase the quality of seafood we produce, but also turn to value-added product forms that would help revolutionize our processing platforms and further our ability to compete with overseas seafood producers. HB 188 would also vastly improve our ability to further capture the waste stream and turn this unused resource into a viable product.

The COVID-19 pandemic has brought many challenges including drastically increased operating costs. Icicle has worked hard to streamline our operations since the pandemic began, but the impacts of these costs have been felt throughout the company and our industry. Although domestic and global retail sales are at all-time highs for seafood, those sales haven't been enough to off-set the staggering decrease in restaurant and other foodservice sales. Although HB 188 is beneficial even in non-pandemic times, we are even more supportive of this vital legislation given the current challenges facing the industry. In the hope that this bill passes this session, we are actively researching how to upgrade our processing platforms to bring more value to our processing efforts.

Since its inception, this tax credit has drastically increased seafood industry innovation and quality. Higher value products and product forms allow for an increase in the price paid dockside to harvesters and more tax revenue for communities. With the inclusion of pollock and cod, we expect this program to continue to advance the industry to the benefit of the State of Alaska.

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ICICLE SEAFOODS, INC.
4019 – 21st Avenue West • Seattle, WA 98199
P.O. Box 79003 • Seattle, WA 98119 • Tel: 206-282-0988

Northern Victor, Unalaska • P/V Gordon Jensen • Seattle

Thank you for introducing this important legislation and helping create additional opportunity for Alaska's seafood industry. Please let us know if you have any questions or need additional information.

Sincerely,

A handwritten signature in dark ink, appearing to read 'J. Curry', with a stylized, flowing script.

Julianne Curry
Public Affairs Manager
Icicle Seafoods
c. 907.518.1822
julianne.curry@icicleseafoods.com



May 5, 2021

Representative Louise Stutes
Speaker of the House
Alaska State Legislature
Via email: Representative.Louise.Stutes@akleg.gov

RE: SUPPORT FOR HB 188, SEAFOOD PRODUCT DEVELOPMENT TAX CREDIT

OBI Seafoods was formed in 2020 through a merger of the Alaska salmon and Gulf of Alaska groundfish operations of Ocean Beauty Seafoods and Icicle Seafoods, two of the oldest and most successful seafood companies in Alaska. OBI operates 10 processing plants throughout the State of Alaska including Southeast, Prince William Sound, Cook Inlet, Kodiak, and Bristol Bay. Our fishermen, employees and the communities we operate in depend on successful processing seasons, just as we depend on them to continue our operations.

OBI Seafoods strongly supports the passage of House Bill 188 – Seafood Product Development Tax Credit. The effect of diversifying seafood resources, above all other efforts, has had the largest positive impact on value, job opportunities and opening new markets for Alaska seafood around the world. At a time when the salmon business was struggling to survive, the introduction of the value-added salmon tax credit gave our company and many others that ability to pivot and dramatically increase fillet production. *The investment in new equipment to install fillet lines added forty jobs for each line we installed.* This gave us the ability to diversify our customer mix and market mix and in turn increase the value to our harvesters while increasing our tax base to communities and the state. All of these were important in setting salmon values on a recovery path that went on for the next five years.

New product development is one of the highest risk aspects of our business yet one area that has kept our business strong and growing through tough economic times. The opportunity to accelerate the development of new products and processes through this important tax credit will continue to keep Alaska seafood competitive and will help gain new consumers around the world.

Value added products are not only a staple in foodservice and retail, but also for schools, nonprofit programs, and the department of agriculture's federal food programs. These products are a healthy and cost-effective way to produce nutritious and quick meals. By continuing and expanding this program, our company will be able to further capture the waste stream and create additional products that would typically go unutilized.

HB 188 will not only lead to the support of additional products but also additional jobs in Alaska. Creating additional value-added products for Alaska will allow us to produce these products locally increasing jobs as well as driving the economy of the areas in which OBI Seafoods operates. Creating more value out of the seafood we process is one of the best tools we have to increase the value of the resource to our harvesters. Further, we support the inclusion of pollock and cod in this program and we look forward to expanding our product line as a result of this legislation.

OBI Seafoods supports the passage HB 188. We see this as a valuable opportunity to drive economic development, increase food security, and move toward full utilization of this valuable resource. I hope the

OBI Seafoods, LLC
1100 W. Ewing Street
Seattle, WA 98119

Alitak • Cordova • Dillingham • Egegik • Excursion Inlet • Homer • Kodiak • Larsen Bay • Naknek
Petersburg • Seward



House can lend support for HB 188 to help push our industry forward as we look for that next great "Product of Alaska".

Thank you for your time and attention to this important matter. Please reach out if you have any questions or need additional information.

Best Regards,

Sincerely,

Mark Palmer

Mark Palmer
President & CEO
OBI Seafoods
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Ph. 206-285-6800

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