



THE STATE  
*of* **ALASKA**  
GOVERNOR MIKE DUNLEAVY

## Department of Revenue

### TAX DIVISION

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May 14, 2021

The Honorable Geran Tarr  
Alaska State Representative  
Chair, House Fisheries Committee  
State Capitol Rooms 128  
Juneau, AK 99801

Dear Chair Tarr,

The purpose of this letter is to provide additional information related to the Seafood Product Development Tax Credit that was discussed during the House Fisheries Committee hearing on May 13, 2021. During the hearing, a couple of questions were raised. The first question asked was how frequently non-shore-based processing facilities qualify for the existing Seafood Product Development Tax Credit (SPD Credit) under current law. The second question asked for a more definitive estimate of foregone revenue if the credit were expanded to pollock and cod equipment.

Regarding the first question, in each year between 2017 through 2020, non-shore-based processing facilities qualified for this credit. Due to confidentiality restrictions, the Department cannot disclose the number of facilities that received the SPD Credit in each year. However, the Department can disclose that the value of the SPD Credit received by non-shore-based facilities compared to the total SPD Credits issued in each year was less than 1% per year.

Regarding the second question, the Department is not able to provide a more definitive estimate of the value of the credit (foregone revenue) if the credit were expanded to pollock and cod equipment besides what is stated in the fiscal note. To estimate the potential revenue impact of this bill, the Department used the Spring 2021 forecasts for total value of cod and pollock subject to the Fisheries Business Tax and combined that with historic credit utilization rates for salmon and herring equipment. The Department does not have sufficient data or information to predict how many Fisheries Business Tax taxpayers will invest in new equipment for pollock and cod, and this adds to the uncertainty.

I hope you find this information to be useful. Please do not hesitate to contact me if you have further questions.

Sincerely,

Nicole S. Reynolds  
Tax Division, Deputy Director