



March 19, 2025

Alaska House of Representatives
Chair Louise Stutes, House Fisheries Committee
Email: House.Fisheries@akleg.gov

RE: Support for HB 129

Dear Chair Stutes and House Fisheries Committee members:

The Pacific Seafood Processors Association (PSPA) strongly supports HB 129, which would augment the existing fisheries product development tax credit. HB 129 provides an incentive for Alaska seafood processors to invest in new equipment that produces higher quality, value-added products within Alaska. This will provide long-term economic benefits to the State of Alaska, coastal communities, fishermen, and processors. The following are some specific positive impacts of HB 129:

- Does not change the current maximum value of the tax credit, which is capped at 50% of a processing company's Alaska Fisheries Business Tax
- Expands the types of equipment and the species eligible for the tax credit
- Facilitates one-time private investment in equipment that year after year increases quality, utilization of each fish, and value-added products, which increases long-term value of fishery resources to the state, communities, fishermen, and processors
- Provides increased returns to the State and communities, as fish taxes are based on fish value
- It is supported by previous analysis by McKinley Research Group showing a return on investment to the State General Fund of over 200% for the original tax credit relative to salmon

PSPA is comprised of major seafood processing companies that purchase fish from harvesters and process it in facilities in 21 coastal communities, from Ketchikan to Cordova to Kodiak to Unalaska, and in three floating processors which serve remote locations. The health of commercial fisheries and the seafood industry is critical to Alaska, as it generates \$5 - \$6 billion in economic activity in Alaska annually and creates 48,000 direct jobs – more than any other private industry in the state. The Alaska seafood industry competes in a global marketplace, where Alaska's competitive advantage has been our diversity, volume, and sustainable management systems. One of our primary opportunities for growth is in increasing the value of Alaska's seafood, not only through new markets for our existing products, but also by increasing quality, utilization, and new value-added products. This requires significant investment by seafood processors across Alaska.

HB 129 is very timely and aligned with the Legislative Seafood Task Force (Task Force) recommendations, given that global seafood value has decreased for many external reasons since 2022. The Task Force's first objective was to identify elements of the downturn in the Alaska seafood industry that could be solved through government policy and/or action by the industry. The other objective was to lay out a vision for the future, to maintain seafood as a primary economic base for

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Alaska and its communities. One of the principles identified for the future was *“Value maximization is essential for competitiveness. This requires increasing revenue per pound harvested through quality improvement, full utilization of catch, innovation in products and processes and fair access to global markets”* (p. 7, final report of the Task Force, 1/29/25).

The Task Force’s report focuses on a few key items within the State of Alaska’s purview that would make a difference. Relative to HB 129, their recommended near-term (2025) actions explicitly included amending the Fisheries Product Development Tax Credit to include additional equipment that would improve the cold supply chain, thus improving quality and recovery, and spur private investment in automation and energy efficiency, with the primary understanding that in order to move the needle, we need to lower operating costs and increase product value.

PSPA appreciates that HB 129 expands allowable investments to include any equipment that increases the quality, utilization and value of seafood products, including equipment needed to improve product quality and recovery through improved cold chain (temperature control). Time and temperature are the two main controls in improving the quality of seafood. Processors have maximized production with the technology that is currently and broadly used, but it is time to advance Alaska’s cold supply chain using to the next level, using the latest technologies, to increase global competitiveness.

Seafood processors have used the existing tax credit to make critical investments in processing technologies that would otherwise be cost prohibitive for some. In the salmon fisheries, this has led to an increase in the production of fillets and other value-added salmon products that have a strong U.S. market.

HB 129 will expand the list of species that are eligible for the tax credit to all fish and shellfish. This will provide benefits to all, and PSPA supports this change. However, the benefits due to this particular change will be marginal, due to the fact that the existing tax credit already covers the species that comprise the largest volume of seafood landed in Alaska (Alaska salmon, pollock, Pacific cod, sablefish).

Importantly, HB 129 would re-authorize the fisheries product development tax credit through January 1, 2030, and create an effective date of January 1, 2025, to allow for any value-added investments this year. Please consider extending the bill through January 1, 2035, as recommended in the Task Force’s Report.

Thank you for your support of the Task Force’s recommendation related to the fisheries product development tax credit by sponsoring this bill, and for recognizing the importance of the Alaska seafood industry to the State of Alaska.

Sincerely,



Julie Decker, President, PSPA
Wrangell, Alaska