Fiscal Note

State of Alaska
2025 Legislative Session

Bill Version: HB 129
Fiscal Note Number:
() Publish Date:

Identifier: HB129-DOR-TAX-03-17-25
Title: FISHERIES PROD DEVELOPMENT TAX CREDIT
Sponsor: FSH BY REQUEST OF TASK FORCE EVAL ALASKA SEAFOOD INDUSTRY
Requester: HOUSE FISHERIES

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2026 Appropriation Requested	Included in Governor's FY2026 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY 2026**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Fund Source (Operating Only)

None							
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None	***		***	***	***	***	***
Total	*****	**0.0**	*****	*****	*****	*****	*****

Estimated SUPPLEMENTAL (FY2025) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2026) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No

(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Division:	Tax Division	Date:	03/17/2025
Approved By:	Janelle Earls, Administrative Services Director	Date:	03/17/25
Agency:	Department of Revenue		

STATE OF ALASKA **BILL NO.** HB 129
2025 LEGISLATIVE SESSION

Analysis

Background
Under current statute, the Fisheries Product Development Tax Credit is for qualified expenditures for new property used to produce value-added products from salmon, herring, pollock, sablefish, and Pacific cod ("eligible fish"). The credit is 50 percent of qualified expenditures up to 50 percent of the fisheries business tax liability incurred from the processing of eligible fish during the tax period. Additionally, an unused credit can be carried forward three years. To be eligible for the credit, the property must be placed into service on or after July 8, 2022, have a useful life of three years or more, and meet category and use requirements. The credit is scheduled to be repealed on January 1, 2027. This bill makes the following changes to the Fisheries Product Development Tax Credit:

(1) Extends the sunset date from January 1, 2027, to January 1, 2030.
(2) Requires the department to make a preliminary determination within 60 days of receiving information from a taxpayer as to whether a taxpayer's proposed investment qualifies for the fisheries product development tax credit under AS 43.75.
(3) Expands the fisheries product development tax credit:
a. from only applying to qualified investments for salmon, herring, pollock, sablefish, and Pacific cod to qualified investments for "any species of fish or shellfish;"
b. to include an investment that "increases the quality and value of eligible fish;"
c. to include freezers and other temperature reducing technologies in the list of equipment that would qualify as an investment for the credit.

Revenue Impact
The revenue impact of making the changes in this bill are indeterminate because the division is uncertain what the utilization of the credit will be for expanding the credit to new species and equipment, or how the overall industry downturn will impact investments going forward. In an attempt to shine a light on potential outcomes, presented below are a high, low and average scenario. These scenarios were developed by scaling up existing Fisheries Product Development Tax Credit forecast to account for expanding to all species and new equipment beginning January 1, 2025, (assumed to be reflected in FY2026 collections) and by accounting for the three year extension of the credit. The modeling assumes that the credit will continue for three years after the sunset due to the three year carryover allowence at 75, 50, and 25 percents of pre-sunset values.

2 Year Average Credit Utilization Rate Scenario

CHANGE IN REVENUES		FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
1004	Gen Fund (UGF)	(1,010.0)	(1,040.0)	(2,060.0)	(3,090.0)	(4,120.0)	(3,770.0)
	TOTAL CHANGE IN REVENUES	**(1,010.0)**	**(1,040.0)**	**(2,060.0)**	**(3,090.0)**	**(4,120.0)**	**(3,770.0)**

High Rate Adoption Scenario

CHANGE IN REVENUES		FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
1004	Gen Fund (UGF)	(1,100.0)	(1,120.0)	(2,150.0)	(3,180.0)	(4,210.0)	(3,840.0)
	TOTAL CHANGE IN REVENUES	**(1,100.0)**	**(1,120.0)**	**(2,150.0)**	**(3,180.0)**	**(4,210.0)**	**(3,840.0)**

Low Rate Credit Scenario

CHANGE IN REVENUES		FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
1004	Gen Fund (UGF)	(930.0)	(950.0)	(1,970.0)	(3,000.0)	(4,030.0)	(3,700.0)
	TOTAL CHANGE IN REVENUES	**(930.0)**	**(950.0)**	**(1,970.0)**	**(3,000.0)**	**(4,030.0)**	**(3,700.0)**

Implementation Cost
This bill would require the department to make changes to update its Tax Revenue Management System (TRMS) and Revenue Online (ROL) which allows a taxpayer to file, pay, view their status, and communicate with the division online. Resources required to implement the changes would include staff time to update tax forms, TRMS, ROL, and other miscellaneous costs. These costs would be absorbed by the Tax Division using existing resources.