

CANFISCO GROUP USA

A Division of the Jim Pattison Group

March 20, 2025

House Fisheries Committee
Representative Stutes
State Capitol Room 216
Juneau, AK 99801
Email: Rep.Lousie.Stutes@akleg.gov

RE: HB129 Fisheries Product Development Tax Credit

Dear Chair Stutes and Committee Members,

Canfisco Group comprises several seafood processing companies united by common ownership and purpose. Our group operates 11 seafood processing plants in Bristol Bay, Kenai, Kodiak, Yakutat, Sitka, and Ketchikan employing 900 full time staff and 3,500 workers during the peak each summer. Canfisco supports 1,750 small businesses through our purchases of seafood from individual fishermen.

The fisheries product development tax credit allows processors to deduct up to 50% of their Fishery Business Tax liability to offset the cost of new equipment used predominately in the production of value-added products. Canfisco supports HB129 to expand this tax credit to further incentivize value-added products, new technologies, and processes that improve quality while maintaining the 50% cap.

The alterations to the product development tax credit in HB129 come from recommendations made in the Alaska Seafood Task Force's final report under near-term actions. These are a few of many solutions offered to address the loss in value of Alaska's seafood driven by exchange rates and tariffs, global marketplace competition, and rising labor costs. These alterations would incentivize reinvestment and modernization of existing facilities, reduce operating costs, and improve Alaska seafood's global competitiveness. In addition to the amendments in HB129, the Task Force recommended the tax credit include equipment and technologies for quality improvements, process automation, and energy efficiency.

With the passage of HB129, Canfisco hopes to invest in modernizing our plants in Bristol Bay to streamline the freezing, master pack, and preparation for shipping of our salmon products. This equipment reduces physical labor and improves conditions for our workers. These plant upgrades would provide long-term economic benefits to our fishermen, partner communities, and the State. Raw fish taxes are paid on the ex-vessel value of landings and are directly tied to the end value of a product.

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As it can be hard to determine eligibility of equipment under the current tax credit, we appreciate the inclusion of the language to require the Department of Revenue to give a preliminary determination of credit eligibility for project planning.

In an analysis conducted by McKinley Research Group for ASMI in coordination with PSPA, it was found the current tax credit generated an additional \$114.4 million in revenue to the general fund from 2004-2019 due to product form changes and the resulting increase in product value¹.

This bill would re-establish the tax credit through 2030 with an effective date of January 1, 2025. We ask that you extend the sunset to 2035, as recommended by the Seafood Task Force. Thank you for sponsoring this bill and supporting the recommendations from the Task Force aimed at countering increased costs, global marketplace competition, and aging infrastructure.

Respectfully,



Megan O'Neil
Director of Government Affairs

¹ https://www.akleg.gov/basis/get_documents.asp?session=32&docid=77921

