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SOUTHEAST ALASKA REGIONAL DEVELOPMENT ORGANIZATION

March 21, 2025

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

Re: Support for House Bill 129

Dear Chair Stutes and House Fisheries Committee members:

This letter is to express strong support from Southeast Conference for House Bill 129, which would expand the existing fisheries product development tax credit AND requests consideration for expanding the credit beyond fish and shellfish to encompass all seafood products, including kelp and other mariculture products.. HB 129 provides incentives for Alaska seafood processors to invest in new equipment that support more value added and higher quality products for a wider definition of seafood products. This will provide long-term economic benefits to communities, fishermen, and processors.

Southeast Conference is the state and federally recognized regional Economic Development District for Southeast Alaska. Southeast Conference has 240 member organizations representing people and businesses from all 35 regional communities. Our mission is to support activities that promote healthy communities, strong economies and a quality environment in the region. Every five years Southeast Conference develops a Comprehensive Economic Development Strategy (CEDS) for our region, which identifies region-wide objectives. HB 129 supports the Seafood and Maritime objectives identified to be included in the 20230 CEDS, including two priority objectives "Seafood Modernization" and "Further Develop Markets for Alaska Seafood."

The health of commercial fisheries and the seafood industry is critical to Southeast Alaska and the state. In 2023 the seafood industry employed 3,604 people in Southeast Alaska, which translated to \$224,837,336 in earnings. From 2022 to 2023 the value of seafood landed in the region decreased by 20% despite catches being up significantly. Across the state the industry saw a \$1.8 billion economic loss across the same year. Preliminary data for 2024 show the ex-vessel value decreasing across the state by \$236 million compared to 2023, which would be the lowest ex-vessel value for Alaska since 2000 despite operational costs having gone up. It is evident Alaska's seafood industry is struggling. Significant investment by processors will be necessary to build value and remain competitive in the global marketplace. The passing of HB 129 is a critical step in helping the industry respond to changing markets demands and rising costs.

HB 129 supports well researched recommendations developed through the Legislative Seafood Task Force, which key objective was to identify initiatives that could be solved through government policy and/or action to provide relief for the major downturn in the Alaska seafood industry experienced in recent years. The recommendations explicitly called for amending the fisheries



product development tax credit to include additional equipment that improved the quality of seafood products and HB 129 does that. Seafood processors have already used the existing tax credit to make investments in value-added processing technologies that have increased the product of fillets in the state, expanding the credit enables processors to continue to invest in modern technologies that will make the seafood sector more efficient and improve their quality.

Southeast Conference appreciates that HB 129 expands the credit to include shellfish products but asks the House Fisheries Committee to consider expanding the credit beyond fish and shellfish to encompass all seafood products, including kelp and other mariculture products. As Alaska builds its mariculture industry it is important to ensure the definition of seafood expands to include the full spectrum of products in the industry. Continued innovation, modernization, and quality improvements will be crucial to advancing the mariculture sector and the health of the seafood sector.

A thriving seafood industry is critical to the economic well-being of the communities in Southeast Alaska and across the state. Southeast Conference supports HB 129 for continued modernization and strengthening of Alaska's seafood industry and urges your fullest support possible.

Sincerely,

A handwritten signature in black ink, reading "Robert Venables". The signature is fluid and cursive, with the first letter "R" being particularly large and stylized.

Robert Venables
Executive Director

