



UNITED FISHERMEN OF ALASKA

Mailing Address: PO Box 20229, Juneau AK 99802-0229

Physical Address: 410 Calhoun Ave Ste 101, Juneau AK 99801

Phone: (907)586-2820 **Fax:** (907) 463-2545

Email: ufa@ufa-fish.org **Website:** www.ufa-fish.org

March 12th, 2014

Representative Alan Austerman
State Capitol Room 505
Juneau AK 99801-1182
Via email: Rep.Alan.Austerman@akleg.gov

RE: Support for HB 204, salmon & herring product development tax credit.

Dear Representative Austerman,

United Fishermen of Alaska (UFA) supports HB 204 regarding product development tax credits for salmon and herring value-added processing equipment, and we thank you for the introduction of the bill.

In 2003, the Joint Legislative Salmon Industry Task Force introduced and passed HB 90 for new product development to reverse the decline in Alaska salmon value, and in 2006 and 2008 extended the tax credit. UFA has supported this effort as a way to help processors transition product development efforts towards products that can better compete in fast changing global markets. Since then a variety of new salmon products are competing successfully in the marketplace, and once again our salmon are in demand. Alaska salmon fishermen and communities are benefiting from increased ex-vessel and wholesale prices, and we applaud the legislature for this success.

The global seafood market is fast changing and extremely competitive. We support opportunities to introduce new products and increase the value of Alaska's seafood through innovation and utilization of byproducts. With tightening EPA regulations in Alaska, we support efforts to encourage byproduct development. HB 204 also adds herring products which are seeing an increase in demand in the world market. The changes made in HB 204 address changing market demands by adding the ability to modify existing salmon canning to accommodate smaller can sizes.

United Fishermen of Alaska (UFA) is the statewide commercial fishing trade association, representing 36 commercial fishing organizations participating in fisheries throughout the state and its offshore federal waters. We encourage passage of HB 204.

Sincerely,

Julianne Curry
Executive Director

Summary of Tom Sunderland's testimony to the Alaska House Fisheries Committee on HB 204.
Testimony given Thursday, February 6, 2014

Ocean Beauty Seafoods is a shoreside processor with six plants in Alaska. Our hope is to use this tax credit to modernize our shoreside facilities that can salmon and herring. I am going to give a market-based testimony based on salmon.

The first thing to know about the existing Salmon Product Development Tax Credit is that it worked. It was successful in helping lift the industry out of a time of low value by helping processors to diversify product offerings, and through that product diversification, diversify markets. As a result the industry is far less vulnerable to being held hostage by overreliance on either a single market, such as Japan, or a single product form, such as traditional canned salmon.

This bill is necessary to defend these gains. We are now seeing the market push back against the higher prices our products now command. It is not the case that we can forever raise prices – consumers at some point will resist. They don't necessarily see the value in a tall can of red salmon or a four ounce package of smoked sockeye that approaches \$10.

Consumers don't buy these types of products by the pound, as they do fresh fish, but buy based on absolute price as they do with other packaged goods. Consider the examples of canned tuna or even breakfast cereal – those items routinely and successfully downsize their packaging as a way of mitigating absolute price on the shelf. Tuna is now sold in the US primarily in 5oz cans. The Australian tuna market is dominated by 95g (3.3 ounce) cans. They can do this much more easily than we can due to the year-round nature of their business and their location on road systems. We need this tax credit to give us the ability to respond to this market pressure and reduce the size of the cans and the shelf price. If we don't do this we risk becoming an irrelevant product to many consumers and retail customers.

While price is a primary motivator for this, price is not the only driver of this change. This move toward smaller cans is also driven by permanent household demographic changes: smaller households don't require as much food as larger ones. A smaller can is more convenient, results in less waste, costs less, and is therefore more attractive in most ways.

Gaining value from currently worthless byproduct is one of the best weapons we could have to defend the industry's price gains. We can't always expect the value of the flesh to appreciate, or to maintain current levels, but converting byproduct into saleable product is a pure win for the Alaskan industry and could hedge against price declines.

Byproduct utilization also provides us with the added benefit of keeping the EPA off of our back as they inevitably change remote discharge regulations. Every pound of byproduct we are able to manufacture into saleable product helps Alaska both directly through added value and by helping the industry deal with these new regulations.

Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway

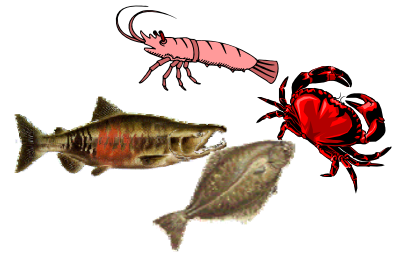
Juneau, AK 99801

Phone: 907-586-6652

Fax: 907-523-1168

Email: seafa@gci.net

Website: <http://www.seafa.org>



February 5, 2014

Alaska State Legislature
House Fisheries Committee
Representative Paul Seaton, Chair
State Capitol
Juneau, AK 99811

RE: Support HB 204

Representative Paul Seaton, Chair and Fisheries Committee Members,

Southeast Alaska Fishermen's Alliance (SEAFA) supports HB 204. We are a multi-gear/multi-species membership based commercial fishing association. We represent our membership mainly involved in the salmon, crab, shrimp and longline fisheries of Southeast Alaska/Yakutat.

Southeast Alaska Fishermen's Alliance supports HB 204 which will extend the salmon production development tax credit to 2020 and adding herring as well as salmon. This has been a good program over the years in helping to increase the value of salmon and we believe will have the same benefits to the herring fishery. The bill also encourages the utilization of development opportunities of salmon and herring by-catch.

Sincerely,

A handwritten signature in black ink that reads "Kathy Hansen" followed by a long horizontal line.

Kathy Hansen
Executive Director



PACIFIC SEAFOOD PROCESSORS ASSOCIATION

Est. 1914

24 February 2014

Representative Alan Austerman, Co-Chairman
Representative Bill Stoltze, Co-Chairman
House Finance Committee
State Capitol
Juneau, Alaska 99801-1182

Dear Representatives Austerman and Stoltze,

Thank you, both, for taking up SSHB 204 – Extension of the Salmon Product Development Tax Credit.

I am writing to you, and Committee members, to express our association's strong support for this bill. Our member companies operate seafood processing plants throughout Alaska, from Ketchikan to Togiak. The Salmon Product Development Tax Credit has a proven track record of encouraging the production of value added salmon products in Alaska.

In years past our members have used the credit to make capital investments in a variety of equipment, including fillet machines, vacuum packers, and ice machines, raising both the quality and value of our finished products. This has enabled the industry to meet changing market demands and to strengthen the Alaska Seafood brand in national and international markets. Raising the value of salmon products benefits harvesters, processors, coastal communities, and the state of Alaska.

That being said, it is important to renew this successful legislation to ensure Alaska protects the gains made in the market place over the past decade. Encouraging the industry to optimize the value of Alaska's natural resources not only makes good financial sense, but reflects sound public policy. Having the capacity to produce higher value products provides industry with the ability to better cope with seasonal variations in harvest levels as well as downturns in domestic and international economies.

Passing SSHB 204 this session will provide processors with the certainty needed in planning for major capital expenditures. Extending the credit for five years, along with the additional provisions in SSHB 204, will encourage and enable our members and other processors to react quickly to advancements in processing equipment technology and emerging markets.

Please let me know if there is any additional information I can provide to you about our members' use of and support for this legislation. Again, thank you, for taking up this important issue.

Sincerely,

John V. O'Shea

Vice President - Alaska

222 Seward Street, Suite 200, Juneau, AK 99801

Phone: (907) 586-6366: Fax: (907) 586-4618

Web: www.pspafish.net



CORPORATE OFFICE:
2101 4th Ave., Ste. 1700
Seattle, WA 98121
Ph: (206) 682-5949
Fx: (206) 682-1825

DUTCH HARBOR PLANT:
P.O. BOX 920608
Dutch Harbor, AK 99692
Ph: (907) 581-1660
Fx: (907) 581-1293

KODIAK PLANT:
P.O. BOX 2367
Kodiak, AK 99615
Ph: (907) 486-4112
Fx: (907) 486-5588

Anchorage Office:
3940 Arctic Blvd, Suite 104
Anchorage, AK 99503
907-562-2005 / C 907-343-9779

February 24, 2014

Representative Alan Austerman, Co-Chairman
Representative Bill Stoltze, Co-Chairman
House Finance Committee
State Capital
Juneau, AK 99801-1182

Dear Representatives Austerman and Stoltze,

I am writing on behalf of Westward Seafoods in support of SSHB 204, Extension of the Salmon Product Development Tax Credit. This is a very worthwhile program that has benefitted our company in the past.

Westward Seafoods operates two fish processing plants in Alaska, one in Dutch Harbor and the other in Kodiak. While salmon and herring make up only a small portion of our product mix, this program has been beneficial to our Kodiak plant years ago. We are constantly stretching our capital budgets to make improvements in our production lines. SSHB 204 is a desirable tool for making advancements in salmon and herring processing for the seafood industry.

Passing SSHB 204 this year will continue a very worthwhile program providing opportunities for the seafood industry to make advances in product values offered to our customers. SSHB 204 encourages advancement of products and processes that benefit fishers, processors, customers, and the State. Please let me know if I can be of assistance.

Sincerely,

Sinclair Wilt
Vice President, Fisheries Specialist

cc: Vince O'Shea, PSPA



Bristol Bay Borough

RESOLUTION NO. 2014-06

A RESOLUTION OF THE BRISTOL BAY BOROUGH ASSEMBLY SUPPORTING THE PASSING OF STATE SENATE HOUSE BILL (SSHB) 204 FOR THE EXTENSION OF THE SALMON PRODUCT DEVELOPMENT TAX CREDIT.

WHEREAS, this tax credit will promote the development of value-added salmon and herring products, leading to greater product diversity; and

WHEREAS, this tax credit stimulates product development of underutilized specie herring, salmon and waste byproducts; and

WHEREAS, this program softens the financial impact of potential changes to EPA effluent guidelines in non-remote locations; and

WHEREAS, this tax credit has incentivized investment to produce canned salmon in sizes appropriate for today's market conditions; and

WHEREAS, this investment incentive will create opportunities for further diversification of the product and further use of the renewable resource; and

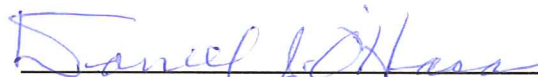
WHEREAS, this tax credit will increase the availability of value added products ensuring future opportunities for fishermen of this region; and

WHEREAS, tax credit will provide for long term capital investment of processors located within the Borough; and

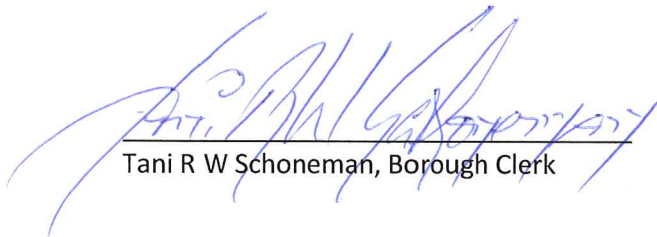
THEREFORE LET IT BE RESOLVED, that the Bristol Bay Assembly supports SSHB 204 for the extension of the Salmon Product Development Tax Credit.

ADOPTED AND APPROVED BY THE ASSEMBLY OF THE BRISTOL BAY BOROUGH, NAKNEK, ALASKA THIS 3RD DAY OF MARCH, 2014. AYES 5, NAYS 0.




Daniel J. O'Hara, Mayor

ATTEST:


Tani R W Schoneman, Borough Clerk



February 26, 2014

Representative Alan Austerman, Co-Chairman
Representative Bill Stoltze, Co-Chairman
House Finance Committee
Alaska State Capitol
Juneau, Alaska 99801-1182

Dear Representatives Austerman and Stoltze:

Thank you both for taking up SSHB 204-Extension of the Salmon Product Development Tax Credit. I represent Alaska General Seafoods and Leader Creek Fisheries. Our companies operate processing plants in Naknek and Ketchikan. I want you to know that since its inception the Salmon Product Development Tax Credit has provided us with the incentive to make multiple investments in equipment in all of our plants. We have directly increased the value of our finished products through the acquisition of multiple complete fillet lines, freezing installations, ice making equipment and salmon roe equipment.

Our industry is constantly under pressure to provide our customers around the world with products that meet today's busy consumers' needs for more convenient product forms and for products of the highest quality. As a result, I have no doubt at all that in order to remain competitive in the marketplace, our companies will continue to re-tool our processing lines for the foreseeable future. Such investments require planning for capital investment in our facilities for the long term. Having the certainty that a five year extension of bill will bring provides us with the confidence we need to make such investment plans.

I want to express my strong support for this bill and my appreciation for your foresight in sponsoring it.

Sincerely,

Gordon Lindquist,
Vice President,

Alaska General Seafoods
6425 NE 175th Street,
Kenmore WA, 98028

Leader Creek Fisheries
PO Box 17013
Seattle WA, 98127

February 17, 2014

Representative Alan Austerman
Representative Bill Stoltze
Ch-chairs, House Finance Committee



RE: Support for HB 204

Dear Representatives Austerman and Stoltze,

On behalf of the Alaska Fisheries Development Foundation (AFDF), I would like to offer our support for HB 204 – Salmon and Herring Product Development Tax Credit.

AFDF is a collaboration of harvesters, processors, and support sector businesses which work to create opportunities out of challenges for Alaska's seafood industry. Since 1978, AFDF has worked on the issue of fish waste utilization starting with helping the industry produce surimi from pollock waste. This work continued with research on fish oils beginning in the 1980's which has been utilized by the industry to create omega-3 fish oil from salmon heads: http://www.afdf.org/salmon-byproduct-and-coproduct-research/#peer_reviewed_two. Most recently, AFDF sponsored the *Innovation Summit* and a "Processor Symposium" in Juneau with guest speaker, Thor Sigfusson, from the Iceland Ocean Cluster to discuss models for private development of high-value products from fish waste.

HB 204 will create an incentive for the seafood industry to take on the risk and investment necessary to increase the value received for Alaska's seafood resources. For example, over the past 15 years, the amount of seafood harvested in Iceland has declined by nearly half, however, the value received for its seafood has nearly doubled due to improved quality and utilization of fish waste in the creation of new products (via Sigfusson's presentation at the *Innovation Summit*).

Alaska produces over 2 billion pounds of fish waste each year. Consequently, an opportunity exists to increase the value received from its seafood by creating high value products from fish waste. ***All entities touched by the seafood industry will benefit from the increased value of this resource*** (e.g. harvesters, processors, support businesses, communities and the State of Alaska).

Thank you for your consideration.

Sincerely,


Julie Decker, Executive Director

Board of Directors

Jan Jacobs – President
Harvester, Region IV-BSAI
American Seafoods Company

Ken Simpson – Vice President
Harvester, Region II-PWS/CI
F/V Lady Simpson

Ekaterina Ratzlaff – Secretary/Treasurer
AFDF

Bart Cox – Sergeant at Arms
Tai Foong, USA

Jim Beaton
Harvester, Region I-SE

Al Burch
Harvester, Region III-Kodiak
Alaska Whitefish Trawlers Association

Richard Mullins
Alaska Marine Nutrition, LLC

Mark Scheer
Young & de Normandie, P.C.

Denny Smith
Marel Seattle, Inc.

John Sund
E&E Foods, Inc.

Mark Tupper
Triad Fisheries, LTD

John Van Amerongen
Trident Seafoods