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Representative Louise Stutes
Alaska State Legislature
120 4th Street, State Capitol, Room 416
Juneau, Alaska 99801-1182

Dear Representative Stutes:

ASA represents seafood processors and commercial fishermen based on the Kenai Peninsula and in the Anchorage and MatSu areas. ASA is pleased with your open and comprehensive approach to new revenues being proposed for not only fisheries but other resource taxes. ASA is also pleased that you have temporarily put HB 251 on hold until you are comfortable that the fishing industry is not being singled out from other industries.

ASA agrees with the comments of other fisheries representatives that the tax plan is oversimplified, rushed and ignores other resource taxes in the state. The fisheries tax schedule is one of the more complex in Alaska tax code.

Increasing the business tax rate 1% across the board as proposed can result in a minimum increase of 20 percent and a maximum increase of 33 percent and does not make distinctions. Although a one percent increase could work for some sectors, it would stress salmon plants which are glutted with oversupply and having trouble profiting at the current 4.5 percent rate.

Another factor negatively affecting the seafood market is the U.S. dollar's strength over key export markets like Europe, China, and Japan has hurt seafood prices, notably the Bristol Bay sockeye harvest for which fishermen received half the average price per pound.

Taxes on industry, while politically easier to achieve, risk shrinking our economy and the revenue pie, making things worse in the long run. Continuing to incentivize growth in the private sector will strengthen the foundation of Alaska's economy and grow the revenue pie for the state over the long run. A strong and growing private sector should be a priority. When the private sector is healthy and growing, the State of Alaska will prosper.

The ASA appreciates the opportunity to comment on HB 251.

Arni Thomson
Alaska Salmon Alliance