



February 5, 2021

To: Alaska Senator Gary Stevens
State Capitol Room 103
Juneau AK, 99801
Submitted via email to Senator.Gary.Stevens@akleg.gov

Re: Support for Alaska Senate Bill No. 33

Bristol Bay Regional Seafood Development Association ("BBRSDA") represents more than 8,000 commercial fishermen including nearly 2,000 permit holders whose livelihoods depend on the processing and sale of salmon caught in the Bristol Bay fishery.

BBRSDA supports Senate Bill No. 33 entitled "*An Act relating to a seafood product development tax credit; providing for an effective date by repealing secs. 32 and 35, ch. 61, SLA 2014; and providing for an effective date*" because it incentivizes the production of value-added salmon products through extending a tax credit to processing entities for investment in qualifying processing equipment.

Approximately 70% of Bristol Bay salmon production requires secondary processing to produce fillets from headed and gutted fish. Once frozen fillets produced in Alaska generally fetch a higher price than twice-frozen fillets cut from thawed headed and gutted fish. Fillet production has increased in Bristol Bay, but the large majority of salmon are still shipped out of Alaska as an intermediate product (in a frozen headed and gutted format).

Alaska fish processors' eligibility for a tax credit to make "qualified investments" as defined in this bill, benefits fishermen through processors being equipped to be nimble and adjust to natural factors such as fish size and run timing without jeopardizing 1) the complete processing of salmon into a "value-added" product or 2) their ability to consistently buy fish throughout the season. Also, expanding the tax credit to other species allows processors to improve overall financial performance, which does have important indirect effects on Alaska salmon fishermen. In short, this bill is likely to produce more favorable conditions for increased value for Alaska fishermen.

Sincerely,

A handwritten signature in black ink that reads "Andy Wink".

Andy Wink
Executive Director – BBRSDA

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