

Good afternoon Mr. Chairman and members of the Committee. For the record, my name is Chris Barrows, and I am the President of the Pacific Seafood Processors Association. Thank you for the opportunity to speak to you today in support of SB33 – Seafood Product Development Tax Credit. PSPA submitted a written letter of support that I will briefly highlight our main points of today and I also want to call to your attention the quantitative analysis developed by McKinley Research Group describing the impacts.

PSPA, founded in 1914, is comprised of eight major seafood processing companies, from Ketchikan to Unalaska to St. Paul, that operate at the center of Alaska's wild and sustainable seafood supply chain. Our members operate 25 facilities in 15 coastal communities across Alaska and three floating processors, purchasing Alaska seafood from harvesters, processing it into various product forms, and distributing it to markets in the U.S. and around the world.

SB33 is a bill that would re-establish and augment Alaska's seafood product development tax credit program, which expired in 2020. This bill would re-establish the long-standing program, through 2025 and would expand the list of eligible species, currently salmon and herring, to also include wild Alaska pollock and Pacific cod. This is an important expansion, as wild Alaska pollock and Pacific cod comprise about 69% of Alaska's statewide harvest, which represents a lot of opportunity for obtaining more value from these high-volume species over the long-term.

Higher value means more value to fishermen, to processors, and to the State of Alaska general fund and local governments – since both local and state fish taxes are based on value of the

fish. This type of program and investment incentive can make a difference in companies being able to obtain value added equipment that will provide benefits to Alaska for years to come.

PSPA's member companies and Alaska's wild seafood products compete in global markets and have had a steady volume of annual harvest on the order of about 5.7 billion pounds. However, volume of Alaska's fisheries is not likely to change significantly over time, thus, increasing the value of our seafood is key to future growth in the sector.

Increasing seafood value requires market differentiation, research and product development, and consumer awareness, details that require significant investment. This bill serves the objective of increasing seafood value by encouraging innovation in the seafood processing sector, facilitating greater utilization of each fish, and providing incentives to respond to changing market demands.

Seafood processors have used the previously authorized tax credit to make critical investments in processing technologies that would otherwise be cost prohibitive for some. Salmon is a great example, as the previous tax credit has changed the face of salmon processing to increase production of fillet and other value-added salmon products that have stronger U.S. market demand.

A higher value product means a higher return on investment for Alaska, coastal communities, and all fishery participants. Value added products also require more labor than simply freezing or heading and gutting, which increases jobs and labor income in the state.

Thank you for considering this bill. The health of commercial fisheries and the seafood industry is critical to Alaska, as it generates \$5 - \$6 billion in economic value in Alaska annually and creates more direct jobs (McKinley Research and the DoL have put that number at 58,700) than any other private industry in the state.

I appreciate the opportunity to testify before you today and seek your support to reauthorize and expand the seafood product development tax credit program. Increasing value of Alaska's seafood products is a win-win-win ... a win for the state in a return on investment in this sector, for the seafood processing sector, and for harvesters and fishing communities.

Thank you.