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SOUTHEAST ALASKA REGIONAL DEVELOPMENT ORGANIZATION

February 7, 2022

Senator Gary Stevens

Email: Senator.Gary.Stevens@akleg.gov

Senator Jesse Kiehl, co-sponsor

Senator.Jesse.Kiehl@akleg.gov

Dear Senators Stevens and Kiehl,

Southeast Conference is the State of Alaska's Regional Development Organization (ARDOR) for Southeast Alaska and strongly supports SB 33, which would re-establish and augment the seafood product development tax credit. This bill is consistent with the regional goals of full utilization of our natural resources while supporting our seafood industry which is critical to Alaska (generating \$5 - \$6 billion in economic value in Alaska annually with more direct jobs (62,200 per new McKinley report, Jan 2022) than any other private industry in the state.

The Seafood Product Development Credit has directly contributed to the generation of an additional \$114.4 million in new revenue to the State of Alaska general fund due to product form changes and the resulting increase in product value. Reports show there is a cumulative increased value in the years after the tax credit was enacted (2004 – 2019) of \$5.1 billion for all salmon species. In a round estimate, applying the fisheries business tax rate of 3% yields a gross tax revenue of \$151.7 million. \$37.3 million in total credits were paid over that period, resulting in cumulative 'added' revenue of \$114.4 million to the State of Alaska general fund.

SB 33 will provide Alaska's seafood processors with the ability to receive some capital cost recovery in exchange for investing in new equipment that produces value-added products within Alaska incentivizes getting more value out of each fish, which, in turn, provides greater benefit to the State of Alaska, coastal communities, fishermen, and processors.

Southeast Conference joins the many voices statewide calling for passage of SB 33 and thanks you for your efforts on this bill and the opportunity to comment, and please let me know if I can answer any questions as this legislation moves forward.

Sincerely,

Robert Venables
Executive Director

