

ALASKA STATE LEGISLATURE

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Senator Gary Stevens

SPONSOR STATEMENT

SENATE BILL 33

Seafood Product Development Tax Credit

Senate Bill 33 proposes to extend the sunset date for a tax credit applied to seafood processors bringing value-added salmon and herring products to market, and to broaden the tax credit to processors of other seafood products in Alaska.

The health of the seafood industry is critical to our state, generating \$5.6 billion in economic value in Alaska annually (2017/2018 average), and creates more direct jobs than any other private industry in our state.

Alaska competes in global markets for its wild seafood products, and has a steady volume of annual harvest of about 5.7 billion pounds. However, volume is not likely to change significantly over time, thus, increasing the value of Alaskan seafood is key to future growth in the sector. SB 33 is thus intended to incentivize 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.

Passage of this bill would extend the ability for Alaska seafood processors to receive capital cost recovery for installing new equipment and for making significant investments to get more value out of each fish. It will also encourage entirely new products made from what would otherwise be fish waste. The seafood industry has moved in this direction for salmon, and has considerable potential to do so in other fisheries. Creating an entirely new, marketable product from byproducts of fish is one of the best ways to add value to Alaska's resources.

Thank you for your consideration of this important piece of legislation.