

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

May 7, 2005
9:38 a.m.

MEMBERS PRESENT

Representative Jay Ramras, Co-Chair
Representative Ralph Samuels, Co-Chair
Representative Jim Elkins
Representative Carl Gatto
Representative Gabrielle LeDoux
Representative Kurt Olson
Representative Paul Seaton
Representative Harry Crawford
Representative Mary Kapsner

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 102

"An Act relating to district coastal management programs; and providing for an effective date."

- MOVED HCS CSSB 102(RES) OUT OF COMMITTEE

SENATE BILL NO. 164

"An Act relating to the salmon product development tax credit; providing for an effective date by amending an effective date in sec. 7, ch. 57, SLA 2003; and providing for an effective date."

- MOVED CSSB 164(FIN) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 102

SHORT TITLE: COASTAL MANAGEMENT PROGRAMS

SPONSOR(S): SENATOR(S) STEVENS G

02/14/05	(S)	READ THE FIRST TIME - REFERRALS
02/14/05	(S)	CRA, RES
03/14/05	(S)	CRA AT 1:30 PM BELTZ 211
03/14/05	(S)	Heard & Held
03/14/05	(S)	MINUTE(CRA)

03/16/05 (S) CRA AT 1:30 PM BELTZ 211
 03/16/05 (S) Moved CSSB 102(CRA) Out of Committee
 03/16/05 (S) MINUTE(CRA)
 03/18/05 (S) CRA RPT CS 1DP 3NR
 NEW TITLE
 03/18/05 (S) NR: STEVENS G, WAGONER, STEDMAN
 03/18/05 (S) DP: ELLIS
 03/18/05 (S) FIN REFERRAL ADDED AFTER RES
 04/06/05 (S) RES AT 3:30 PM BUTROVICH 205
 04/06/05 (S) -- Testimony <Invitation Only> --
 04/22/05 (S) RES AT 3:30 PM BUTROVICH 205
 04/22/05 (S) Moved CSSB 102(RES) Out of Committee
 04/22/05 (S) MINUTE(RES)
 04/25/05 (S) RES RPT CS 4DP 2NR
 NEW TITLE
 04/25/05 (S) DP: WAGONER, SEEKINS, STEDMAN, STEVENS
 B
 04/25/05 (S) NR: ELTON, DYSON
 05/02/05 (S) FIN AT 9:00 AM SENATE FINANCE 532
 05/02/05 (S) <Bill Hearing Postponed>
 05/03/05 (S) FIN RPT CS 5DP 1NR
 NEW TITLE
 05/03/05 (S) DP: WILKEN, GREEN, HOFFMAN, DYSON,
 STEDMAN
 05/03/05 (S) NR: OLSON
 05/03/05 (S) MOVED TO BOTTOM OF CALENDAR
 05/03/05 (S) FIN CS ADOPTED Y11 N6 E1 A2
 05/03/05 (S) FIN AT 9:00 AM SENATE FINANCE 532
 05/03/05 (S) Moved CSSB 102(FIN) Out of Committee
 05/03/05 (S) MINUTE(FIN)
 05/05/05 (S) TRANSMITTED TO (H)
 05/05/05 (S) VERSION: CSSB 102(FIN) AM
 05/05/05 (H) READ THE FIRST TIME - REFERRALS
 05/05/05 (H) RES, FIN
 05/06/05 (H) RES AT 1:00 PM CAPITOL 124
 05/06/05 (H) Heard & Held
 05/06/05 (H) MINUTE(RES)
 05/07/05 (H) RES AT 9:30 AM CAPITOL 124
 05/07/05 (H) FIN AT 2:00 PM HOUSE FINANCE 519

BILL: SB 164

SHORT TITLE: SALMON PRODUCT DEVELOPMENT TAX CREDIT
 SPONSOR(S): SENATOR(S) STEDMAN

04/06/05 (S) READ THE FIRST TIME - REFERRALS
 04/06/05 (S) RES, FIN
 04/15/05 (S) RES AT 3:30 PM BUTROVICH 205

04/15/05 (S) Moved SB 164 Out of Committee
 04/15/05 (S) MINUTE(RES)
 04/18/05 (S) RES RPT 3DP 1DNP 1NR 2AM
 04/18/05 (S) AM: WAGONER, ELTON
 04/18/05 (S) DP: STEDMAN, STEVENS B
 04/18/05 (S) DP W/AMENDMENTS: DYSON
 04/18/05 (S) DNP: SEEKINS
 04/18/05 (S) NR: GUESS
 04/28/05 (S) FIN AT 9:00 AM SENATE FINANCE 532
 04/28/05 (S) Moved CSSB 164(FIN) Out of Committee
 04/28/05 (S) MINUTE(FIN)
 04/29/05 (S) FIN RPT CS 3DP 2NR
 SAME TITLE
 04/29/05 (S) DP: GREEN, HOFFMAN, DYSON
 04/29/05 (S) NR: WILKEN, OLSON
 05/02/05 (S) TRANSMITTED TO (H)
 05/02/05 (S) VERSION: CSSB 164(FIN)
 05/03/05 (H) READ THE FIRST TIME - REFERRALS
 05/03/05 (H) RES, FIN
 05/04/05 (H) RES AT 1:00 PM CAPITOL 124
 05/04/05 (H) -- Meeting Canceled --
 05/06/05 (H) RES AT 1:00 PM CAPITOL 124
 05/06/05 (H) Scheduled But Not Heard
 05/07/05 (H) RES AT 9:30 AM CAPITOL 124

WITNESS REGISTER

TIM BARRY, Staff
 to Senator Bert Stedman
 Alaska State Legislature
 POSITION STATEMENT: Presented SB 164 on behalf of Senator Bert Stedman, sponsor.

STEPHANIE MATTSON, Vice President
 Pacific Seafood Processors Association (PSPA)
 Juneau, Alaska
 POSITION STATEMENT: Testified in support of SB 164.

REED STOOPS
 Ocean Beauty Seafood
 Juneau, Alaska
 POSITION STATEMENT: Testified in support of SB 164.

JERRY BURNETT, Special Assistant to the Commissioner
 Department of Revenue
 Juneau, Alaska
 POSITION STATEMENT: Answered questions regarding SB 164.

ACTION NARRATIVE

CO-CHAIR RALPH SAMUELS called the House Resources Standing Committee meeting, which had been recessed on 5/6/05, back to order at [9:38:06 AM](#). Representatives Samuels, Kapsner, Gatto, Elkins, Crawford, Ramras, LeDoux, Olson, and Seaton were present at the call back to order.

SB 102-COASTAL MANAGEMENT PROGRAMS

CO-CHAIR SAMUELS announced that the first order of business would be SENATE BILL NO. 102 "An Act relating to district coastal management programs; and providing for an effective date."

CO-CHAIR RAMRAS moved to adopt HCS CSSB 102, labeled 24-LS0941\N, Bullock, 5/6/05, as a working document. There being no objection, it was so ordered.

CO-CHAIR SAMUELS explained the changes in the committee substitute (CS). He said page 12, line 31 of the CS gives the Department of Natural Resources (DNR) two years to revisit the ABC list; page 13 eliminates the specific list of what districts are to review; and Section 22 moves the legislative review date to May 10, 2006.

[9:39:50 AM](#)

REPRESENTATIVE SEATON said the purpose of his previous amendment (Amendment 1) was to "make sure that before the coastal zone plan expires we are back in session and have 45 days, so that the legislature is not cut out of the program. Upon examining Section 22 later, we have that problem because that's what we do again in this section, and this is where we should have made the change from January 1 to March 1, so that we have 45 days to act instead of this happening when we're not in session."

The committee took an at-ease from [9:41:19 AM](#) to [9:41:47 AM](#).

REPRESENTATIVE SEATON said he wanted his requested changes put on the record and considered as the bill goes forward. He said to change "January" to "March" on lines 22 and 23, and on line 25, change "July" to "May" so the governor has time to act.

CO-CHAIR RAMRAS moved to report HCS CSSB 102, labeled 24-LS0941\N, Bullock, 5/6/05, out of committee with individual

recommendations and the accompanying fiscal notes. There being no objection, HCS CSSB 102(RES) passed out of committee.

The committee took an at-ease from [9:43:09 AM](#) to [9:43:49 AM](#).

SB 164-SALMON PRODUCT DEVELOPMENT TAX CREDIT

CO-CHAIR SAMUELS announced that the final order of business would be SENATE BILL NO. 164 "An Act relating to the salmon product development tax credit; providing for an effective date by amending an effective date in sec. 7, ch. 57, SLA 2003; and providing for an effective date."

TIM BARRY, Staff to Senator Bert Stedman, Alaska State Legislature, said SB 164 extends the deadline for salmon processors in Alaska to receive a salmon product development tax credit. Currently, processors can claim the credit for property placed into service by the end of this calendar year, and SB 164 extends it by three years. He said the legislation also makes minor changes to clarify what is eligible for the tax credit to more effectively achieve the goal of encouraging seafood processors to develop innovative, value-added salmon products.

MR. BARRY stated that the original legislation was proposed by the Joint Legislative Salmon Industry Task Force to encourage industry to take investment risks to produce new salmon products. It was drafted in consultation with the Department of Revenue to ensure efficiency and effectiveness, he added.

[9:45:55 AM](#)

REPRESENTATIVE SEATON asked about the date on page 3, line 16.

MR. BARRY said the January 1, 2012 date reflects the fact that people have three years to make a claim.

CO-CHAIR SAMUELS asked for examples of past claims.

STEPHANIE MATTSON, Vice President, Pacific Seafood Processors Association (PSPA), said PSPA represents a majority of the major seafood processors in Alaska, and it supports SB 164 because it helps the industry in marginal revenue times. She said three processors have used the credit to put in new filet lines, and freezing capacity has been increased. Some processors spoke in recent hearings of fuller utilization in terms of fish oils, she noted. The task force put this idea forward because a similar

white fish tax credit was successful. She said the extension is needed because it took time to get the regulations final.

REED STOOPS, Ocean Beauty Seafood, Juneau, said Ocean Beauty has eight plants in Alaska and handles more salmon than any other processor, and it supports the bill. The Excursion Inlet plant now produces pink salmon burgers, and it vacuum packs filets to produce a higher value product, he noted. As a result, the company added 40 new seasonal jobs, and the price to fishermen is going up. He said the credit means doing this work in Alaska instead of elsewhere or not at all. He concluded that the company has future opportunities in its other Alaska plants.

[9:51:18 AM](#)

REPRESENTATIVE CRAWFORD asked how much the credits have been worth, so far.

JERRY BURNETT, Special Assistant to the Commissioner, Department of Revenue, Juneau, said the credits cost about \$1.75 million as a direct reduction in taxes. But if the fish are worth more, taxes are higher, and he said it's difficult tell how much value is added, but SB 164 should generate net positive revenue.

[9:52:35 AM](#)

REPRESENTATIVE SEATON asked about equipment purchased for salmon production and then used for other products.

MR. BURNETT said he is not aware of that occurring.

MR. BARRY said SB 164 tries to clarify exactly what qualifies for the credit, but dual use has not been a problem.

[9:53:59 AM](#)

REPRESENTATIVE SEATON moved to report CSSB 164(FIN), labeled 24-LS0589\S out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSSB 164(FIN) was passed out of committee.

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at [9:54 AM](#).