

CS FOR HOUSE BILL NO. 129(FSH)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON FISHERIES

Offered: 3/28/25

Referred: Finance

**Sponsor(s): HOUSE SPECIAL COMMITTEE ON FISHERIES BY REQUEST OF THE JOINT
LEGISLATIVE TASK FORCE EVALUATING ALASKA'S SEAFOOD INDUSTRY**

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the fisheries product development tax credit; providing for an**
2 **effective date by amending the effective date of sec. 2, ch. 31, SLA 2022; and providing**
3 **for an effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 *** Section 1.** AS 43.75.037(b) is amended to read:

6 (b) The amount of the tax credit applied against taxes under this section may
7 not

8 (1) exceed 50 percent of the taxpayer's tax liability incurred under this
9 chapter for processing of eligible fish during the tax year; or

10 (2) be claimed for property first placed into service after December 31,
11 2029 [2026].

12 *** Sec. 2.** AS 43.75.037(c) is amended to read:

13 (c) If the property for which a tax credit is claimed is installed on a vessel, the
14 amount of qualified investment under (a) of this section is determined by multiplying

1 the investment cost of the qualified investment property by a fraction, the numerator
 2 of which is the weight of **raw macroalgae and** raw eligible fish processed on the
 3 vessel by the taxpayer in the state in the tax year in which the property is first placed
 4 into service, and the denominator of which is the weight of **raw macroalgae and** raw
 5 eligible fish processed on the vessel by the taxpayer in and outside of the state in the
 6 tax year in which the property is first placed into service. In this subsection, "eligible
 7 fish" does not include pollock, sablefish, or Pacific cod.

8 * **Sec. 3.** AS 43.75.037(g) is amended to read:

9 (g) If, during a tax year, property for which a credit was claimed under this
 10 section is disposed of by the taxpayer, ceases to be qualified investment property, or is
 11 removed from service in the state, the tax due under this chapter is increased by the
 12 recapture percentage of the aggregate decrease in the credit allowed under this section
 13 for all prior tax years that would have resulted solely from reducing to zero the credit
 14 allowed for the qualified investment property under this section. The amount of tax
 15 credit attributable to the qualified investment that is carried forward from prior tax
 16 years is terminated as of the first day of the tax year in which the qualified investment
 17 property is disposed of by the taxpayer, ceases to be qualified investment property, or
 18 is removed from service in the state. For purposes of this subsection,

19 (1) the recapture percentage during the year in which the property is
 20 first placed into service or during the first year following the year in which the
 21 property is first placed into service is 100 percent;

22 (2) the recapture percentage during the second year following the year
 23 in which the property is first placed into service is 75 percent;

24 (3) the recapture percentage during the third year following the year in
 25 which the property is first placed into service is 50 percent;

26 (4) the recapture percentage during the fourth or later year following
 27 the year in which the property is first placed into service is zero percent;

28 (5) qualified investment property used on a vessel is considered to
 29 have been removed from the state on the first day of a tax year in which the proportion
 30 of **raw macroalgae and** raw eligible fish processed in the state on the vessel is less
 31 than 50 percent of total weight of **raw macroalgae and** raw eligible fish processed on

1 the vessel in and outside of the state.

2 * **Sec. 4.** AS 43.75.037(i) is amended to read:

3 (i) The department shall develop and implement procedures by which a
4 taxpayer that is a fisheries business may submit the taxpayer's proposed investment to
5 the department and request a preliminary determination of whether the investment
6 qualifies for the fisheries product development tax credit under this section. A
7 preliminary determination by the department that the taxpayer's submission qualifies
8 for the credit is binding, unless the department determines that the taxpayer has made
9 a material misrepresentation in the taxpayer's submission. **The department shall**
10 **make a preliminary determination as to whether a taxpayer's proposed**
11 **investment qualifies for a credit within 60 days after the department receives a**
12 **taxpayer's proposed investment submitted under this subsection.**

13 * **Sec. 5.** AS 43.75.037(k)(1) is amended to read:

14 (1) "eligible fish" means, except as otherwise provided in (c) of this
15 section, **any species of fish or shellfish** [SALMON, HERRING, POLLOCK,
16 SABLEFISH, OR PACIFIC COD];

17 * **Sec. 6.** AS 43.75.037(k)(4) is amended to read:

18 (4) "qualified investment" means the investment cost to purchase or
19 convert depreciable tangible personal property with a useful life of three years or more
20 **that will** [TO] be used predominantly to **harvest or process macroalgae, increase**
21 **the quality and value of macroalgae or eligible fish, or** perform an ice-making,
22 processing, packaging, or product-finishing function that is a significant component in
23 producing a value-added eligible fish product, including canned salmon products in
24 can sizes other than 14.75 ounces or 7.5 ounces; in this paragraph, "property"

25 (A) includes

26 (i) equipment used to fillet, skin, portion, mince, form,
27 extrude, stuff, inject, mix, marinate, preserve, dry, smoke, brine,
28 package, freeze, scale, grind, separate meat from bone, or remove pin
29 bones;

30 (ii) new parts necessary for, or costs associated with,
31 converting a canned salmon line to produce can sizes other than 14.75

1 ounces or 7.5 ounces;

2 (iii) conveyors used specifically in the act of producing
3 a value-added eligible fish product;

4 (iv) ice-making machines, **freezers, and other**
5 **temperature reducing technologies;**

6 (v) new canning equipment for herring products;
7 [AND]

8 (vi) equipment used to transform eligible fish byproduct
9 that is discarded as waste into saleable product; **and**

10 **(vii) equipment used to harvest or process**
11 **macroalgae;**

12 (B) does not include

13 (i) vehicles, forklifts, conveyors not used specifically in
14 **increasing the quality and value of macroalgae or eligible fish or**
15 the act of producing a value-added eligible fish product, cranes, pumps,
16 or other equipment used to transport eligible fish or eligible fish
17 products, knives, gloves, tools, supplies and materials, equipment, other
18 than ice-making machines, that is not processing, packaging, or
19 product-finishing equipment, or other equipment, the use of which is
20 incidental to **increasing the quality and value of macroalgae or**
21 **eligible fish or** the production, packaging, or finishing of value-added
22 eligible fish products;

23 (ii) the overhaul, retooling, or modification of new or
24 existing property, except for new parts necessary for, or costs
25 associated with, converting a canned salmon line to produce can sizes
26 other than 14.75 ounces or 7.5 ounces; or

27 (iii) property used predominantly to produce an eligible
28 fish product that is not taxed under this chapter;

29 * **Sec. 7.** AS 43.75.037(k) is amended by adding a new paragraph to read:

30 (8) "used predominantly" means used 51 percent or more of the time.

31 * **Sec. 8.** Section 6, ch. 31, SLA 2022, is amended to read:

1 Sec. 6. AS 43.05.230(m); AS 43.75.037, and 43.75.130(h) are repealed
2 January 1, 2030 [2027].

3 * **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new
4 section to read:

5 RETROACTIVITY. This Act is retroactive to January 1, 2025.

6 * **Sec. 10.** Section 8, ch. 31, SLA 2022, is amended to read:

7 Sec. 8. Section 2 of this Act takes effect January 1, 2030 [2027].

8 * **Sec. 11.** This Act takes effect immediately under AS 01.10.070(c).