

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON FISHERIES

March 20, 2025
10:02 a.m.

MEMBERS PRESENT

Representative Louise Stutes, Chair
Representative Bryce Edgmon, Vice Chair
Representative Rebecca Himschoot
Representative Chuck Kopp
Representative Kevin McCabe
Representative Sarah Vance
Representative Bill Elam

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 129

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

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 129

SHORT TITLE: FISHERIES PROD DEVELOPMENT TAX CREDIT

SPONSOR(s): FISHERIES BY REQUEST OF TASK FORCE EVAL ALASKA SEAFOOD INDUSTRY

03/10/25	(H)	READ THE FIRST TIME - REFERRALS
03/10/25	(H)	FSH, FIN
03/20/25	(H)	FSH AT 10:00 AM GRUENBERG 120

WITNESS REGISTER

MATT GRUENING, Staff
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of the Joint Legislative Seafood Industry Taskforce, introduced HB 129

STEPHANIE MORELAND, Executive Vice President
Trident Seafoods
Seattle, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 129.

JULIE DECKER, President
Pacific Seafood Processors Association
Seattle, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 129.

TOMI MARSH, Member
E.C. Phillips and Son
Ketchikan, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 129.

DAN STICKEL, Chief Economist
Department of Revenue
Juneau, Alaska

POSITION STATEMENT: Answered questions regarding tax credit utilization relevant to HB 129.

ACTION NARRATIVE

[10:02:36 AM](#)

CHAIR LOUISE STUTES called the House Special Committee on Fisheries meeting to order at 10:02 a.m. Representatives Stutes, Himschoot, Kopp, McCabe, Vance, and Elam were present at the call to order. Representative Edgmon arrived as the meeting was in progress.

HB 129-FISHERIES PROD DEVELOPMENT TAX CREDIT

[10:03:33 AM](#)

CHAIR STUTES announced that the only order of business would be HOUSE BILL NO. 129, "An Act relating to the fisheries product development tax credit; providing for an effective date by amending the effective date of sec. 2, ch. 31, SLA 2022; and providing for an effective date."

[10:04:14 AM](#)

MATT GRUENING, Staff, Alaska State Legislature, on behalf of the Joint Legislative Seafood Industry Taskforce, introduced HB 129. He said that this legislation aims to expand the fisheries product development tax credit. This would continue to encourage value added products and foster new technologies and processes that add to the value and quality of Alaska fish products. He said that the tax credit program has morphed over the years. Initially it started as the Salmon Product Development Tax with passage of House Bill 90 during the Twenty-Third Alaska State Legislature. Herring was included in the program in 2014, and the credit program became what it is now with the passage of Senate Bill 33 during the Thirty-Second Alaska State Legislature.

MR. GRUENING said that the current credit system allows the processor to deduct up to 50 percent of its Fisheries Business Tax Liability with the purchase of new equipment used predominately in the production of value-added products. This would also include any derivatives from waste streams from fish such as salmon, herring, pollock, sablefish, and pacific cod. He said that pursuant recommendations 7A and 7B of the Joint Legislative Taskforce on Evaluating Alaska's Seafood Industry would expand the use of tax credits for all species of fish and shellfish. It would add a new qualifier to the credit and requires a fast determination of credit eligibility from the Department of Revenue. HB 129 would also extend the sunset date of the credit by three years.

MR. GRUENING stated that the passage of HB 129 would enhance the ability of Alaska seafood processors to acquire capital cost recovery for installing new equipment installations and making investments to "get more value out of each fish." During a time of historically poor market conditions and low value for Alaska Seafood, HB 129 would support ailing Alaska seafood processors and incentive them to continue adding value to Alaskan Seafood. By doing so it would provide a better bottom line for Alaska fishermen. He noted that letters of support were available in members' packets [available in committee file]. These include the Pacific Seafood Processors Association, Bristol Bay Regional Seafood Development Association, Canfisco Group USA, E.C. Phillips & Son, and the fishing vessel (F/V) Savage.

[10:06:57 AM](#)

CHAIR STUTES announced that the committee would hear invited testimony on HB 129.

[10:07:13 AM](#)

STEPHANIE MORELAND, Executive Vice President, Trident Seafoods, gave invited testimony in support of HB 129. She stated that Trident Seafoods was founded in 1973 by a fisherman and is a family owned, privately held company. She said the company is anchored in Alaska and has support fleet operations and shoreside fish processing that are found in nine communities across the state. She said that the company serves over 650 independent fishermen who chose to deliver salmon, cod, pollock, crab, halibut, and other species to their shoreside plants. She said these fishermen rely on Trident to provide a competitive marketplace and act as a good business partner.

MS. MORELAND thanked the committee for hearing HB 129, something that would ensure investment, drive efficiency, and capture more value in seafood products. She said that current challenges in the industry include rising labor and transportation costs, a strong dollar relative to other key-market currencies, aggressive harvests, and undercutting from Russian seafood markets. She opined that in order to survive and support a healthy seafood sector for the long-run, Trident needs to cut costs from its business while increasing value, something that would require both investment and innovation.

MS. MORELAND said that Trident has previously used the tax credit to improve utilization and elevate the use of what historically has been turned into waste into promising health and pet products. She said that the current version of the bill would make some important changes to tax credit, especially Section 2, which would improve the process and timeline to work with the Department of Revenue. She said that significant capital investment is needed in the harvesting and processing sectors.

[10:09:37 AM](#)

REPRESENTATIVE KOPP commented that he thought that the more options a processing industry has to apply tax credits the better. He said that nationally there is a 5- or 6-billion-dollar pet food industry. He said that some processors are beginning to look at using more of the fish which would involve buying new equipment. He asked whether there was anything from

the bill that would prevent Trident from being able to fully utilize the tax credits.

MS. MORELAND responded to Representative Kopp that this was an excellent question, and the pet food industry has grown. She said that Trident has an excellent range of products that would be appropriate to target and modify for later market sales. She said it's a matter of developing relationships and market strategy to get these value-added products to market at an appropriate cost. She said that she believes the bill is well aligned with helping to facilitate and promote this investment. She said that Trident has used things like vertical plate freezers to capture former waste and create new products for the market.

[10:12:16 AM](#)

JULIE DECKER, President, Pacific Seafood Processors Association, gave invited testimony in support of HB 129. She said that Pacific Seafood Processors Association (PSPA) is a trade association, which represents major seafood processing companies who purchase fish from thousands of commercial fisherman and process seafood products in over twenty-one coastal communities in Alaska. She said the group also supports floating processors which often operate in remote locations. She said that PSPA strongly supports HB 129, and the changes associated with the pre-existing tax credit programs. She said that it would provide an incentive for seafood processors to invest in new equipment that would bring higher quality, value-added products to the market. It would provide long-term economic benefits to the state, coastal communities, fishermen, and processors.

MS. DECKER remarked that HB 129 has some important aspects. First, it would not change the current maximum value of the tax credit, which is capped at 50 percent of a processor's Alaska Fisheries Business Tax. It expands the types of equipment and the species eligible for the tax credit. HB 129 would also facilitate one-time private investment in equipment that would increase utilization and increase value-added products; by doing so it would increase the long-term value of fishery resources for the state, communities, fishermen, and processors. It would increase revenue to the state and impact communities since fish taxes are based on fish value. She said that HB 129 is supported by a previous analysis conducted by McKinley Research Group which suggests a significant return on investment for the state following the tax deduction changes.

MS. DECKER remarked that the health of the seafood industry is critical to Alaska since it generates \$6 billion in economic activity for the state, creates 48,000 direct jobs, is the state's largest manufacturing and export sector, and lowers the cost of state transportation. She said that while inventories stabilized in 2024 and the ban on Russian seafood products began in May of 2024, economic conditions have still not significantly improved. She said that moving into 2025, the unknown risks facing the seafood industry are still significant, including those from any tariffs. She stated the tax credit supports access to additional equipment that would improve the supply chain, improve cost and recovery, and spur private investment in automation and energy efficiency. She said that in order to "move the needle," PSPA needs two critical things to occur: lowering costs and increasing the value of seafood products. She noted that HB 129 would allow the tax credit program to function through 2030 and would be effective as of January 1, 2025. She asked for a single change to the proposed bill, a continuation of the tax credit program to 2035 as opposed to 2030.

[10:16:55 AM](#)

TOMI MARSH, Member, E.C. Phillips and Son, gave invited testimony in support of HB 129. She remarked that she has been involved with the commercial fishing industry for over 40 years and has operated the F/V Savage for over 35. She said that she has worked with E.C. Phillips and Son since 1994 and is currently authorized to speak on the group's behalf. She stated that E.C. Phillips and Son is a family-owned business with nearly 100 years of history operating in Alaska. It is open year-round and produces seafood products in the Ketchikan and has operating areas in Craig and Petersburg as well. She remarked that E.C. Phillips and Son primarily processes salmon, halibut, black cod, but participate in smaller fisheries such as sea cucumbers, geoducks, and a few others. She said that the company is also working on processing new products from the Mariculture Industry such as seaweed and shellfish. She remarked that E.C. Phillips and Son strives for 100 percent utilization, and this allows access to pet food and nutraceutical markets. The company has been working on ways to strive for full utilization of the products.

MS. MARSH remarked that quality and innovation have helped the industry persevere and counter adverse economic and market conditions. She said that equipment that elevates quality provides an opportunity for full product utilization and

equipment that encourages new product forms would add value and bolster markets. She opined that these upgrades allow the company to maintain relevancy in both global and domestic markets. She said that E.C. Phillips and Son strongly support HB 129 and as a smaller company, it relies on quality and value-added products to diversify market access domestically and internationally. She said that the proposed bill is a crucial step towards fostering innovation, sustainability, and economic growth in Alaska's seafood sector. By extending the timeline for the tax credit and expanding eligibility to all commercially harvested fish and shellfish, this bill would ensure that processors can continue investment in value added production, new technologies, and product diversification. She stated that these investments would enhance the competitiveness of Alaska Seafood and help create jobs while maximizing utilization of Alaska's marine resources. She remarked that the proposed bill's provision to streamline the application process and ensure timely preliminary determinations for qualified investments would encourage more businesses to participate in the tax credit program. The inclusion of quality added machinery such as ice making machines and freezers, and other technologies to improve product quality, demonstrates a commitment to building and modernizing the industry. She said that as the global and domestic seafood markets evolve, Alaska must remain at the forefront of sustainable and high-quality seafood production. She added that HB 129 would provide necessary incentives to drive progress and keep Alaska's fisheries industry thriving for years to come.

[10:20:51 AM](#)

MR. GRUENING responded to a previous question from Representative Kopp. He said that looking at page 2, line 23 of the bill, it includes equipment that can be used to preserve and dry seafood products, if the equipment is primarily used for value added processes. He said as long as the equipment is used predominantly in the value-added process 51 or more percent of the time, the equipment would qualify for the tax credit.

[10:21:29 AM](#)

REPRESENTATIVE ELAM asked how many people or companies participate in the current tax credit program.

CHAIR STUTES said this may be a question for the Department of Revenue.

10:22:03 AM

DAN STICKEL, Chief Economist, Department of Revenue, responded that for the current Fisheries Product Development Tax Credit, there were five beneficiaries of the credit for the fiscal year 2013. He noted that this information comes from the Department of Revenue's direct expenditure report.

10:22:45 AM

REPRESENTATIVE VANCE asked Mr. Gruening about the proposed bill. On page 2, when talking about eligible fish included on the bill, she asked whether any discussions took place to add kelp and mariculture to the program.

MR. GRUENING said that the Mariculture Industry does not have a Fisheries Business Tax Liability, as its processing methods follow a different manner. He said the point is well considered and whether it would be something to be added would be up to the committee.

REPRESENTATIVE VANCE asked about equipment used for drying, and what type of other equipment would qualify.

CHAIR STUTES said that she appreciated this and said that a mariculture-affiliated staffer working in her office could address this question.

MR. GRUENING added that the language about the drying may be correct. He said that drying and making a shelf stable product was needed in the Kelp Industry. He said that the bill would need a modifier to allow for tax credit eligibility.

10:25:33 AM

REPRESENTATIVE MCCABE asked whether the bill would apply to aquaponics and fish farming; he asked whether these tax credits would ever fit for this type of business and equipment.

MR. GRUENING responded that he did not think it would qualify and would follow up with an answer later.

REPRESENTATIVE MCCABE explained that eventually this could be landed in Alaska. He discussed the relationship between aquaponics and fish farming. He said that eventually if anyone decided to go in this direction then there would be fish grown in Alaska.

[10:27:47 AM](#)

CHAIR STUTES said that Alaska is in a position now that forces forward thinking in order to help the industry.

[10:28:11 AM](#)

REPRESENTATIVE KOPP added that global uncertainty now is so great and anything the state can do to support efforts is better for the seafood industry.

REPRESENTATIVE MCCABE said that he has friends in South Carolina that have an aquaponics business as a sort of "hobby farm." He said that the business generates \$3,000 every two weeks selling micro greens and has fish for their table anytime they want. He said when the fish get too big, they are then sold and overall, it is a sustainable model. He said this type of business cannot be done in Alaska currently.

[10:29:21 AM](#)

CHAIR STUTES announced that HB 129 was held over.

[10:29:45 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 10:29 a.m.