

SB

52

SENATOR JERRY MACKIE

ALASKA STATE LEGISLATURE

SPONSOR STATEMENT

SB 52, Fishery Business Tax Credit

I introduced SB 52 to help bring some economic stability and growth to Alaska's commercial fisheries industry. I think the best way to do this is through development incentives that increase operational efficiencies, improve product quality, or bring new products to market. The incentives are business tax credits, up to 50 % of a company's tax liability, for any capital investments in shore based facilities that achieve these goals.

Alaska's fishery resources provide nearly 70,000 jobs in the private sector, for more than any other industry. These are fishermen, processors and the processing labor force. For most of the state's coastal and river communities, commercial fishing is the dominant economic activity that sustains the community. Thus, when markets deteriorate and fish prices fall, as has happened with salmon, the effects can be immediate, wide spread, and devastating.

SB 52 is modeled after a similar program that was in effect from 1986 to 1991. This program was largely responsible for large investments in processing quality control in facilities throughout the state. It is also credited with stimulating Alaskan participation and expansion into the harvesting, processing, and marketing of new bottom fisheries.

The Alaskan fisheries industry needs a boost to improve the marketability of its traditional fishery products and to introduce new, value added products that appeal to consumers worldwide. This will require large investments in new and better equipment. I feel that the tax incentive program is the way to accomplish these improvements in the most direct and efficient manner. The benefits will accrue to both resident commercial fishermen as well as the processing labor force through increased fishing opportunities and increased processing jobs.

0-LS0352/E
Chenoweth
4/3/97

CS FOR SENATE BILL NO. 52()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS MACKIE, Torgerson, Taylor, Leman, Hoffman

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing additional tax credits against the fisheries business tax, and
2 repealing the fisheries business tax on developing commercial fish species processed
3 by a shore-based fisheries business; and providing for an effective date."

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

5 * Section 1. AS 16.51.180(4) is amended to read:

6 (4) "processor" means

7 (A) a person who is liable for

8 (i) [(A)] the tax imposed under AS 43.75.015;

9 (ii) [(B)] the tax imposed under AS 43.75.100; or

10 (iii) [(C)] the landing tax imposed under AS 43.77; and

11 (B) a shore-based fisheries business that processes a

12 developing commercial fish species, as those terms are defined in

13 AS 43.75.290, when the value of that fisheries resource is exempt from

14 taxation under AS 43.75;

1 * Sec. 2. AS 43.75.015(a) is amended to read:

2 (a) A person engaged in a fisheries business is liable for and shall pay the tax
3 levied by this section on the value of each of the following fisheries resources
4 processed during the year at the rate set out after each:

5 (1) salmon canned at a shore-based fisheries business - four and one-
6 half percent;

7 (2) salmon processed by a shore-based fisheries business, except salmon
8 for which the tax is due under (1) of this subsection, and all other fisheries resources,
9 except developing commercial fish species, processed by a shore-based fisheries
10 business - three percent;

11 (3) fisheries resources processed by a floating fisheries business - five
12 percent.

13 * Sec. 3. AS 43.75.015(b) is amended to read:

14 (b) Instead of the taxes levied by (a) of this section, a person who processes
15 a developing commercial fish species is liable for and shall pay a tax equal to

16 [(1) ONE PERCENT OF THE VALUE OF THE DEVELOPING
17 COMMERCIAL FISH SPECIES PROCESSED BY A SHORE-BASED FISHERIES
18 BUSINESS DURING THE YEAR; AND

19 (2)] three percent of the value of the developing commercial fish
20 species processed by a floating fisheries business during the year.

21 * Sec. 4. AS 43.75 is amended by adding a new section to read:

22 Sec. 43.75.035. Tax credits for certain capital expenditures. (a) If
23 application for the credit is approved by the department in advance, a fisheries
24 business is entitled to a credit of not more than 50 percent of the business tax liability
25 under AS 43.75.015 for capital expenditures made during the tax year that

26 (1) increase product diversity, increase production efficiency and
27 capacity, or improve product quality at a shore-based fisheries business facility in the
28 state; or

29 (2) contribute to the development of a cooperative seafood industrial
30 park in the state.

31 (b) A fisheries business may claim a credit under (a) of this section for a

1 maximum period of three consecutive years. An applicant for the credit may elect to
2 begin the three-year period with any tax year from 1998 through 2000.

3 (c) A tax credit under this section may not be approved for more than 50
4 percent of a capital expenditure, plus any increase required under (d) of this section.

5 (d) The amount of a credit under (a) of this section for a capital expenditure
6 involving a shore-based fisheries business facility or cooperative seafood industrial
7 park located or to be located in a municipality shall be increased by the amount by
8 which the municipality's fisheries business tax refund is reduced under
9 AS 43.75.130(h). The total amount of a credit increase under this subsection during
10 a three-year period may not exceed 25 percent of the amount of the capital
11 expenditure.

12 (e) The portion of a capital expenditure that is eligible for a credit under this
13 section but is not claimed during a single tax year may not be carried back to a prior
14 tax year but is available for the computation as a credit under this section for a
15 subsequent tax year within the three-year period elected under (b) of this section.

16 (f) Within 10 days after submitting an application for a credit under (a) of this
17 section, the applicant shall send a copy of the application to the municipality, if any,
18 in which the shore-based fisheries business facility or cooperative seafood industrial
19 park for which the expenditure is to be made is located or is to be located.

20 (g) The total tax credits that may be claimed under this chapter for a tax year
21 for capital expenditures under this section and scholarship contributions under
22 AS 43.75.032 combined may not exceed 50 percent of the taxpayer's business tax
23 liability under AS 43.75.015 for that tax year.

24 (h) The department may not approve a tax credit under this section if

25 (1) the property for which the capital expenditure was made was the
26 subject of a previous capital expenditure by another taxpayer for whom a
27 corresponding tax credit under this section has been approved;

28 (2) the property for which the capital expenditure was made was sold
29 or transferred between fisheries businesses having substantial common ownership; or

30 (3) the fisheries business claiming the credit is in arrears in the
31 payment of its fisheries business tax under AS 43.75.015; for purposes of this

1 paragraph, a taxpayer is not in arrears if the payment is under administrative or judicial
2 appeal.

3 (i) The department shall

4 (1) prepare an application form for a credit under this section; and

5 (2) approve or disapprove an application for a credit under this section
6 not later than 60 days after receiving the application.

7 (j) Not later than the 15th legislative day of each regular legislative session the
8 Department of Revenue, in conjunction with the Department of Commerce and
9 Economic Development, shall submit to the legislature a report on the fisheries
10 business tax credit program under this section. The report must describe the
11 expenditures for which a credit was approved during the previous tax year and, if
12 possible, the increase in employment and processing capacity by the fisheries
13 businesses for which the credit was approved.

14 * Sec. 5. AS 43.75.130 is amended by adding new subsections to read:

15 (g) For purposes of this section, tax revenue collected under AS 43.75.015
16 from a person entitled to a credit under AS 43.75.035 shall be calculated as if the
17 person's tax had been collected without applying the credit.

18 (h) Within 60 days after a credit is approved under AS 43.75.035 for a capital
19 expenditure involving a shore-based fisheries business facility or cooperative seafood
20 industrial park located or to be located in a municipality, the municipality may adopt
21 an ordinance directing the department to reduce the municipality's refund under this
22 section over a period of not more than three years by an amount not exceeding 25
23 percent of the capital expenditure.

24 * Sec. 6. AS 43.75.290 is amended by adding new paragraphs to read:

25 (12) "capital expenditure" includes the price paid for equipment and the
26 cost of improvements made to depreciable property, but does not include expenditures
27 that are deducted entirely for federal income tax purposes in the year in which they
28 accrued or were paid;

29 (13) "cooperative" has the meaning given in AS 10.15.595;

30 (14) "product diversity" means the processing of nontraditional fish or
31 other seafood species or products;

1 (15) "product quality" means the handling of fish or other seafood
2 species or products in order to increase product sales or value;

3 (16) "seafood industrial park" means a seafood processing center with
4 facilities to land, handle, and process or to ship or transship to any location any
5 marketable species of seafood; a seafood industrial park may contain commercial
6 facilities to support the activities of the park and the labor force and vessels that
7 operate at or from the park.

8 * Sec. 7. AS 43.75.035(a), 43.75.035(b), 43.75.035(c), 43.75.035(d), 43.75.035(e),
9 43.75.035(f), 43.75.035(g), 43.75.035(h), 43.75.035(i), 43.75.130(g), 43.75.130(h),
10 43.75.290(12), 43.75.290(13), 43.75.290(14), 43.75.290(15), and 43.75.290(16) are repealed
11 January 1, 2003.

12 * Sec. 8. AS 43.75.035(j) is repealed February 15, 2003.

13 * Sec. 9. The first tax credit report under AS 43.75.035(j), enacted by sec. 4 of this Act,
14 is due February 1, 1998, and shall describe the expenditures for which a credit was approved
15 on and after July 1, 1997, for the 1998 tax year.

16 * Sec. 10. Sections 1 - 3 of this Act take effect January 1, 1998.

17 * Sec. 11. Sections 4 - 9 of this Act take effect July 1, 1997.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

April 3, 1997

SUBJECT: Draft CSSB 52(), relating to the fisheries business tax (Work Order No. 20-LS0352\E)

TO: Senator Robin Taylor

FROM: Jack Chenoweth
Legislative Counsel 

In the draft accompanying this memo, the new material specifically requested appear in bill sections 2 and 3. The changes introduce no new equal protection-based objection that might be asserted by floating fisheries businesses subject to the three percent tax, but could aggravate any equal protection-based objection that may now exist.

Under the provisions establishing the Alaska Seafood Marketing Institute, AS 16.51, the eligibility of a "processor" to serve on the Institute's board of directors is dependent on the processor's tax liability. With the changes proposed in bill sections 2 and 3, shore-based processors handling developing commercial fish species would enjoy a tax exemption. In order for that group to continue to remain eligible for appointment to the board, I felt that the definition of "processor" under AS 16.51 should be revised so that this group of processors, exempt from the tax, would continue to qualify. Hence, the amendment made in bill section 1.

At least one person in this office thinks section 1 is unnecessary because processors of developing commercial fish species also process salmon and other product that is not exempt from the AS 43.75 tax. I don't know enough about the industry to say whether this is correct. If you think that the amendment of the definition of "processor" under AS 16.51 is unnecessary, I'll remove it.

The new tax exemption is drafted with an effective date tied to the calendar year, which is also the tax year, beginning January 1, 1998. If there is reason to exempt businesses from the tax this year, I can change the effective date to January 1, 1997, and insert a retroactive provision and some directive to the Department of Revenue to refund amounts paid since January 1, 1997, to shore-based processors for their tax payments remitted based on their handling of developing commercial fish species since that date.

JBC:glc
97-227.glc
Enclosure

Revision Date: _____ Dept. Affected: Revenue
 Title: Fisheries Business Tax Credits BRU: Revenue Operations
 Component: Income and Excise Audit
 Sponsor: Senator Mackie
 Requestor: (S) CRA COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES	0.0	(7,300-14,600)	(7,300-14,600)	(7,300-14,600)	(7,300-14,600)	(7,300-14,600)
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY97) cost \$ 0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Brett Fried, Economist Phone: 465-3682
 Division: Income and Excise Audit Division Date: January 30, 1997
 Approved by Commissioner: Wilson L. Condon Date: January 30, 1997
 Agency: Department of Revenue

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DEPARTMENT OF REVENUE
Income and Excise Audit Division

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BILL ANALYSIS

Section 1 - Amends the Fisheries Business Tax statutes to provide a tax credit for capital expenditures. Expenditures qualify if they increase product diversity, increase production efficiency and capacity or improve product quality at a shore-based fisheries business facility in the state. Expenditures can also qualify if they contribute to the development of a cooperative seafood industrial park. A fisheries business may only claim credits for a maximum period of three consecutive years and may begin the three-year period for expenditures with any tax year from 1998 through 2000. Eligible tax credits that are not claimed in a single year can be carried forward a subsequent year as long as this falls within the three consecutive years the applicant has chosen.

The amount of the tax credit is limited to 50 percent of a capital expenditure, unless a municipality agrees to give up a portion or all of its share of tax revenue. If a municipality does opt to reduce its share then a business could claim up to 75 percent (depending on how much the municipality gives up) of its capital expenditure as a credit. The total tax credit for a tax year for capital expenditures and scholarship contributions may not exceed 50% of the taxpayer's fisheries business tax liability for that year. The department may not approve a tax credit for capital expenditures if the property for which the capital expenditure was made was subject to a previous capital expenditure under this section, the property for which the capital expenditure was made was sold or transferred between fisheries businesses having substantial common ownership or the fisheries business claiming the credit is in arrears in the payment of its fisheries business taxes.

The department is required to prepare an application form for a credit and approve or disapprove an application for a credit under this section no later than 60 days after receiving the application. The Department of Revenue is also required to submit a report on the expenditures, and if possible increases in employment and processing capacity, for which a credit was approved (in conjunction with the Department of Commerce and Economic Development) on the fisheries business tax credit program by the 15th legislative day of each regular legislative session.

Section 2 - Amends the refund to local government section (AS 43.75.130) so that revenue collected from the fisheries business tax is calculated as if a fisheries business tax credit had not

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Income and Excise Audit Division

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been collected. This holds municipalities harmless from the credits. The municipality may adopt an ordinance directing the Department of Revenue to reduce the municipality's refund over a period of not more than three years by an amount not exceeding 25 percent of the capital expenditure.

Section 3 - Defines terms such as "capital expenditure", "cooperative", "product diversity", "product quality" and "seafood industrial park".

Section 4 - The first tax report of expenditures, for which credits were approved on and after July 1, 1997, is due February 1, 1998.

Section 5 - Repeals all sections of this Act on January 1, 2003 except for the reporting requirement (section 1 (j)).

Section 6 - Repeals section 1 (j), February 15, 2003.

Section 7 - Establishes an effective date for this Act of July 1, 1997.

OPERATING EXPENDITURES

The Income and Excise Audit Division would be required to expend audit staff time to implement the credit pre-approval process. In addition audit staff work would be required to review records of taxpayers actually applying the tax credits. This time would result in a reallocation of current staff time but does not justify a new position.

GENERAL FUND REVENUE EFFECT See page 4.

Other This bill fails to take into consideration the complementary landing tax. See Ch. 81, SLA 1996 ("The fisheries resource landing tax...is both designed and intended to be a compensatory tax that complements the fisheries business tax levied and collected under AS 43.75). The legislature in the last session passed remedial legislation to insure equal treatment. Therefore, since the landing tax and the fisheries business tax are compensatory taxes, credits must be extended equally under both tax types. The department will have many other technical changes to this legislation based on problems experienced under the previous fisheries tax credit program.

Alaska Department of Revenue
Income and Excise Audit Division
Projected Revenue Decreases from the Fisheries Business Tax Credit

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Scenario A - All Qualifying Expenditures are Used: Assume that the exact same level of qualifying expenditures are made in the in the new Fisheries Business Tax Credit as were made in the original (1986-1989) Fisheries Business Tax Credit program. Total expenditures were \$146 million, and since 50% of these expenditures qualify for credit, total qualifying expenditures were \$73 million. Additionally, assume that these expenditures are spread evenly over the qualifying years.

	FY 98*	FY 99	FY 00	FY 01	FY 02	FY 03
Revenue under Scenario A	\$0	(\$14,600,000)	(\$14,600,000)	(\$14,600,000)	(\$14,600,000)	(\$14,600,000)

Scenario B - Half of All Qualifying Expenditures are Used: Assume that the exact same level of qualifying expenditures are made in the in the new Fisheries Business Tax Credit as were made in the original (1986-1989) Fisheries Business Tax Credit program. Total expenditures were \$146 million, and since 50% of these expenditures qualify for credit, total qualifying expenditures were \$73 million. Additionally, assume that the limitation that a credit can only reduce a taxpayers annual liability by 50% results in only half of these expenditures (\$36.5 million) being used and that these expenditures are spread evenly over the qualifying years.

	FY 98*	FY 99	FY 00	FY 01	FY 02	FY 03
Revenue under Scenario B.	\$0	(\$7,300,000)	(\$7,300,000)	(\$7,300,000)	(\$7,300,000)	(\$7,300,000)

SENATOR JERRY MACKIE

ALASKA STATE LEGISLATURE

SECTIONAL

SB 52, Fisheries Business Tax Credit

Section 1. A new section AS 43.75.035, Tax credits for certain capital expenditures, is added.

Subsection (a) establishes a fisheries business tax credit for certain kinds of capital expenditures a business makes to improve production or product. The maximum credit allowed is 50% of the business' raw fish tax liability (AS 43.75.015). The credit must have advanced approval by the Department of Revenue.

Subsection (b) limits the application of the investment credits to three consecutive years maximum for a particular business beginning in any year between 1998 and 2000.

Subsection (c) limits the amount of the credit to 50% of the actual value of the investment itself unless a municipality where the facility is located acts to increase this limit under subsection (d).

Subsection (d) allows a municipality to offer an increased credit to a business within its boundaries. The added credit is offset from the municipality's portion of shared fishery tax revenues under AS 43.75.130(h) [See *Sec. 2.]. The total amount of the increased credit under this subsection is limited to 25% of the investment value in the three year period.

Subsection (e) prohibits carrying an eligible credit back to a prior year. An eligible credit may be carried forward to the next tax year within the allowed three duration year period.

Subsection (f) requires a tax credit applicant to notify in the municipality, if any, of the location of the capital investment and to send a copy of the credit application.

Subsection (g) caps the combined credits from scholarship contributions under AS43.75.032 (Winn Brindle) and the investment credit under this section to 50% of total tax liability.

Subsection (h) prohibits (1) multiple tax credits on the same capital expenditure, (2) credits on capital expenditures between businesses having substantial common ownership, and (3) tax credits for businesses who are in arrears in the payment of fishery taxes.

Subsection (i) gives the department authority to prepare the credit application form. The department has 60 days after reception to approve or reject an application.

Subsection (j) requires annual reports to the legislature on the activities of the tax credit program. The report must describe certain results that have occurred because of the program.

Section 2. Two new subsections are added to AS 43.75.130. Subsection (g) holds a municipality's revenue sharing harmless from the state's allowance of a credit. Subsection (h) requires a municipality to adopt an ordinance directing the department to reduce its fish tax revenue share commensurate with any additional tax credit that is allowed under AS 43.75.035 (d).

Section 3. AS 43.75.290 is amended to add definitions for "capital expenditure", "cooperative", "product diversity", "product quality" and "seafood industrial park".

Section 4. The date of the first report to the legislature on the programs experience is set for February 1998.

Section 5 and 6. Repealer sections terminate the tax credit program on January 1, 2003 and the legislative report on February 15, 2003.

Section 7. July 1, 1997 effective date.

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

TONY KNOWLES, GOVERNOR

PLEASE REPLY TO:

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January 30, 1997

The Honorable Jerry Mackie
Alaska State Senate
State Capitol, Room 427
Juneau, AK 99801-1182

RE: Omission of landing tax, AS 43.77, from
SB 52

Dear Senator Mackie:

I have been in touch with your staff to alert you to an omission regarding SB 52 that may have been inadvertently overlooked: the bill amends the Fisheries Business Tax, AS 43.75, but does not amend the complementary Fisheries Landing Tax, AS 43.77. Your staff asked me to state these concerns, as briefly as possible, in a letter. This letter will address only the concern raised by the omission of the landing tax from the credit provided by the bill.

As you know, the American Factory Trawlers Association (AFTA) has vigorously attacked the constitutionality of the landing tax. One of AFTA's arguments is that the tax discriminates against interstate commerce. The Departments of Law and Revenue have been defending the landing tax. We argue that the landing tax does not discriminate because in-state processors pay a complementary tax, the Fisheries Business Tax, AS 43.75.

We believe we have a very strong case under the complementary tax doctrine. Our argument requires, however, that the tax rate under landing tax "not exceed the amount of the tax on intrastate commerce." *Oregon Waste Sys. v. Dep't of Envtl. Quality*, 114 S. Ct. 1345, 1352 (1994) (citing *State of Alaska v. Arctic Maid*, 366, U.S. 199, 204-05 (1961)). Tax credits may affect the effective tax rates, and complementary taxes should be considered in tandem. As you may recall, last session the legislature retroactively amended the landing tax to provide credits previously available only under the fisheries business tax. Ch. 81, SLA 1996. The concern raised by SB 52 is that making credits available under the fisheries business tax that are not available under the landing tax is unfair and counter to the careful balance required under the complementary tax doctrine.


The Honorable Jerry Mackie
January 30, 1997
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We understand from your staff that SB 52 is based on earlier legislation from the middle 1980's, adopted before the fisheries business tax had a sibling tax, and that no deliberate decision was made to exclude the landing tax from this credit provision. We recommend that the bill be amended to apply equally to AS 43.77 and that the provision limiting the credit to shore-based facilities be eliminated.

If you have any questions, feel free to call me.

Very truly yours,

BRUCE M. BOTELHO
ATTORNEY GENERAL

By: 
Stephen C. Slotnick
Assistant Attorney General

cc: Pat Pourchot, Legislative Liaison, Office of the Governor
Bruce Botelho, Attorney General, Department of Law
Deborah Vogt, Deputy Commissioner, Department of Revenue
Deborah Behr, Assistant Attorney General, Department of Law
Chrystal Smith, Special Assistant, Department of Law

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

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OFFICE OF THE COMMISSIONER

FISHERIES BUSINESS TAX CREDIT STUDY

EXECUTIVE SUMMARY

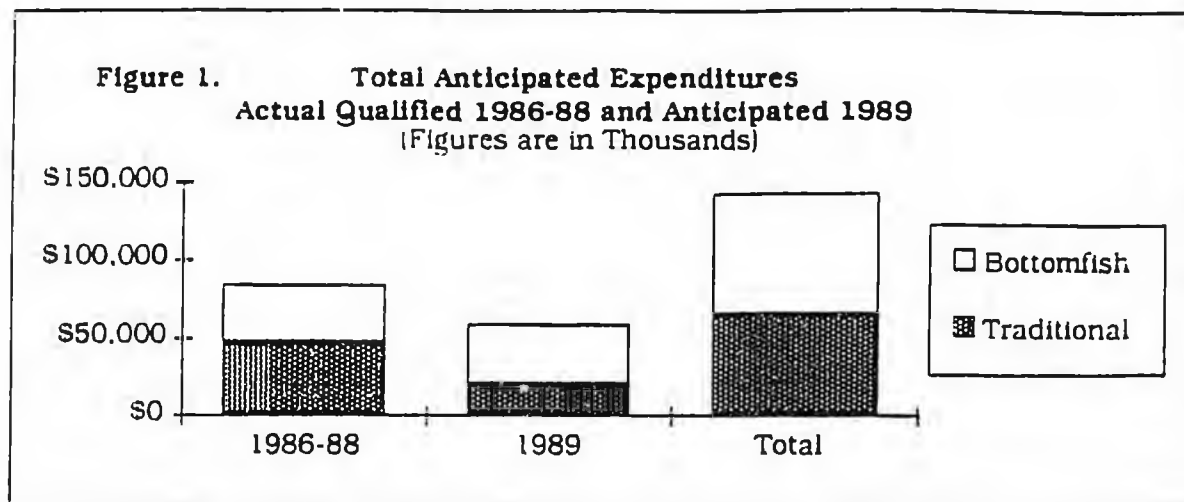
Purpose. This report addresses the effects of the Fisheries Business Tax Credit Program, and its stimulus to investments and employment. An attempt is also made to address several questions of interest: what types of investments are being made, where, and by what types of companies; what have the costs to the state been; and how much more will the existing program cost.

The tax credit program. The program offers a tax credit for capital expenditures that increase processing capacity, product quality, and value-added production. Credits are limited to 50% of a firm's tax liability and to 50% of qualified expenditures. It is scheduled to run for five years (1986-1991), with regulations defining 1986-1989 as the three year period during which qualifying expenditures must be made. Companies can elect to start their three year window of eligibility at any time during that period. Thus all projects must have been preapproved and substantially completed at this time. Credits can now be carried forward by companies who started their eligibility period in 1988 or 1989.

Expenditures. There is no uniform correlation between actual qualifying expenditures as reported on tax forms, expenditures preapproved by the Department of Revenue, total expenditures actually made and tax credits taken. Generally, actual qualifying expenditures are a minimum figure for total investment. For most firms, the limiting factor was 50% of their tax liability, not 50% of the qualifying expenditures. Overall, credits are expected to total about 35% of qualifying expenditures.

Actual qualifying expenditures reported on tax forms during the period 1986-1988 totaled \$83.4 million. The Department of Revenue has preapproved expenditures of about \$92.0 million for 1989, the last year that expenditures could be made and still qualify for credit. Since fisheries tax returns for 1989 are not due until March 31st, the actual dollar amounts will not be known for several months.

Using the experience of the previous two years, actual expenditures reported for credit will be approximately \$60 million, 65% of the amount preapproved. Total reported, qualifying expenditures are expected to total over \$140 million, but this is a minimum number for actual investment, as some



companies only report enough expenditure to match their tax liability, and some expenditures are disqualified for items such as bunkhouses, which are essential parts of the operations.

Increase in Shorebased Plant Value. Current estimates put the total insured or assessed value of seafood processing plants and equipment in Alaska at \$800 million to \$1 billion (Alaska Seafood Industry Study, 3/89). Estimated qualifying expenditures made during the past three years represent an increase of more than 15% of the total value of all active processing facilities in the state.

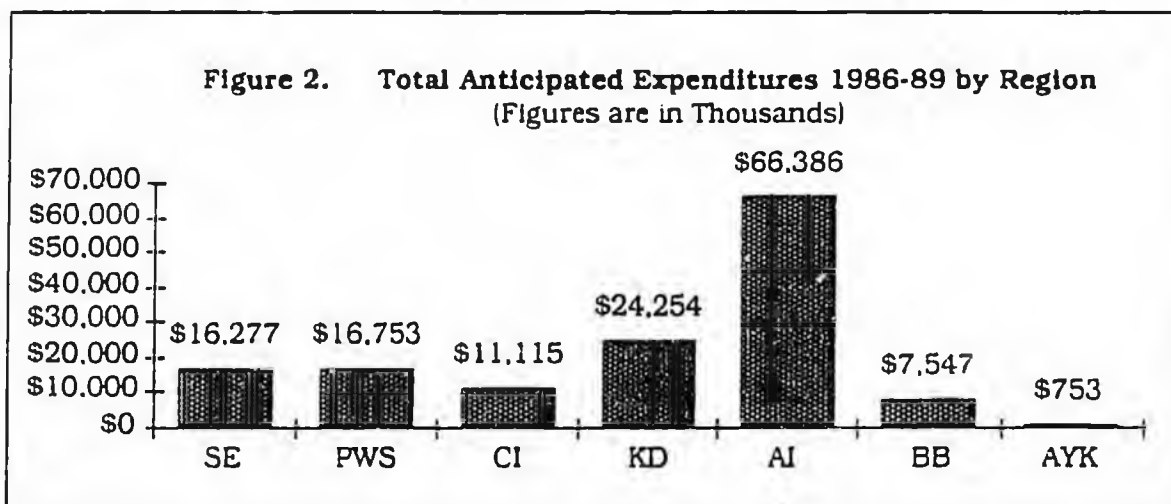
Number of participants. Sixty-seven firms representing 96 Alaska processing facilities have or intend to participate in the fisheries tax credit program. Expenditures actually qualifying for credit during the 1986-1988 period were made at 76 plants. Applications for expenditures during 1989 at an additional 13 facilities have been approved by the Department of Revenue. Credits only were taken on taxes generated by 7 facilities (and applied to expenditures at other plants owned by the same firm).

Table 1. Size and Number of Facilities' Expenditures by Region

Size of Expenditure (in thousands)	South East	Prince Will	Cook Inlet	Kod/ Chig	Aleut. Is.	Bristol Bay	AYK	Total
Less than \$10.0	2		1		1			4
\$10.0 - 100.0	7	1	2			2	2	14
\$100.0 - 500.0	8	3	3	5	1	2		22
\$500.0 - 1,000.0	1		8	5	2	3	1	20
\$1,000.0 - 2,000.0	4	2	4	2	1	1		14
\$2,000.0 - 5,000.0	2	2		3	1	1		9
\$5,000.0 - 10,000.0		1		1				2
\$10,000.0 - 20,000.0					4			4
Total	24	9	18	16	10	9	3	89

Concentration of Major Investments. It is estimated that through 1989, 22 firms will have made investments of more than \$1 million at each of 28 plants. This category of large investments will total about \$128 million or 89 percent of the total estimated expenditures of all participating firms.

The approximate size of expenditures and number of plants involved in each area of the state are outlined in Table 1. The expenditures column represents actual expenditures reported through 1988 plus 65% of 1989 expenditures preapproved by the Department of Revenue.



Expenditures by Region. The statewide total of estimated expenditures over the life of the tax credit program is put at \$143 million. Expenditures in the Aleutian Islands area are estimated at \$66 million or 46% of the total. The bulk of expenditures in the Aleutian Islands area are related to the construction of four very large bottomfish plants used for the manufacture of surimi, fillets and meal. See Figure 2.

Comparatively few expenditures were made in the Bristol Bay area (\$8 million) and AYK area (\$1 million).

Credits Taken. Reported expenditures totaled \$83 million during the 1986-1988, generating \$42 million in potential credits. Only about \$23 million in actual credits were applied, and the credit carry forward is about \$19 million. Generally, the credits taken by most major firms are limited by their tax liability and not by the size of their qualified expenditures.

Credits Outstanding. Theoretically, outstanding credits could equal \$66 million (half of the 1989 preapproved amount plus the amount carried forward). Estimating 65% of the preapproved amount as the actual qualifying expenditures that will be reported yields an estimated potential credit outstanding \$49 million, and a total potential credit figure of \$71 million.

The carryforward of most firms will be exhausted by 1990, so credits taken are expected to be higher 1988-1990, and lower in 1987 and 1991. Also, the record high ex-vessel prices of 1988 and the large volume of claims are likely to make that year the peak. Credits are likely to decline steadily after 1988, and to total between \$48 and \$55 million over the life of the program.

Ownership. Of the 89 facilities where expenditures have or will be made, on the order of 44 are owned by Alaska residents or Alaska-based corporations, 24 by foreign entities, and 21 by U.S. citizens or corporations headquartered outside of the state.

Forty-one percent of the credits actually applied through 1988 were taken by Alaskan firms, 29% by US firms, and 31% by foreign firms. Based on the tax liabilities of the companies involved, the 1989 approved expenditures and the amount of credits carried over from prior years, this ratio is not expected to change appreciably in the future.

Value of the Tax Credit Program. It is not possible to determine what investments in plant expansion and new equipment would have been made in the absence of a tax credit program. However, it is clear that the program is responsible for a substantially increased volume of capital investments in shorebased facilities, and probably in the ability of Alaskan and US firms to participate in shorebased bottomfish operations.

Six facilities with over \$5 million expended make up 45% of the total anticipated qualifying expenditures. Four are for new plants, with three bottomfish operations and one cannery. Two are major expansions of existing plants, both into surimi, fillet and meal production. The two Alaskan and one US firm involved all concentrated extensive tax credits from floating operations to build their plant. Principals in each firm report that the tax credit program was a major factor in their decision to invest onshore. The program was of lesser importance to the other three Japanese owned plants, who have very large fishing companies behind them, and who are constrained by law from investing in factory trawlers.

Of the total \$143 million in expected qualifying expenditures, \$79 million was spent on bottomfish facilities, and \$44 million on traditional species. The traditional species investments have considerably increased production capacity, especially refrigeration capacity, and have contributed substantially to production efficiencies.

Increase in Employment. It is not possible to determine the total increase of employment which was generated by plant expansions, because most were incremental expansions or improvements of existing facilities. More efficient equipment and production systems may even have resulted in the elimination of a few jobs. However, four new surimi plants alone which have already been completed or are in the final stages of construction will employ about 750 people full time. Another new facility constructed to handle more seasonal "traditional" species is expected to employ 200. Employment increases associated with firms participating in the tax credit program probably exceed 1,000 persons.

FISHERIES BUSINESS TAX CREDIT PROGRAM REPORT

Type of investments made

Actual qualifying expenditures as reported on 1987-1988 tax returns were analyzed in detail. These expenditures were classified as being in support of either bottomfish processing or the processing of "traditional" species such as salmon, halibut, herring, and crab. Within those two categories the following classifications were established:

Dock/building repair or expansion: Minor and major expansion of existing processing buildings; utilities maintenance and upgrade (water, power, communications, waste disposal, outfalls); general plant wiring, plumbing, heating and other systems maintenance and upgrade; support facilities and equipment such as office, lunch room, generator shed, shop, supplies storage space, or loading dock.

New plant construction: Construction of a totally new building where one did not previously exist. Construction in association with an existing plant was included in this category if it involved the construction of a new building designed to handle products not previously processed.

Fish Handling equipment: Equipment and closely associated structures for moving, transferring and handling fish. Expenditures in this category were heavily weighted toward fish pumps, fork lifts and cranes, and also included conveyors, pallet jacks, trucks, hoists, elevators, carts, vans, and flumes.

Refrigeration/Ice: Refrigeration equipment, compressor buildings, freezers, refrigerated product storage facilities, refrigerated seawater holding systems, ice manufacturing equipment, and ice storage and delivery systems.

Salmon canning equipment ("Traditional" category only): Equipment used specifically in traditional salmon canning operations: Holding bins, weighing systems, fillers, seamers, can forming machinery, and steam production equipment. The efficiency of traditional canning facilities was substantially increased by the installation of equipment such as automated weighing and patching systems. A number of firms added one-quarter and one-half pound canning lines, which will increase the final product value.

Surimi/fillet equipment (bottomfish category only): Machinery for raw product buffer storage, heading, gutting, skinning, filleting, mincing, dewatering, mixing ingredients, candling, trimming and packaging products. Meal and oil plants associated with bottomfish surimi and fillet operations were included in this classification.

General processing equipment: Equipment usually associated with the processing of traditional species and products - salmon, herring, halibut, shellfish: Raw product holding and distribution systems, scales, tables, totes, headers and gutters, fish washing, glazing, strapping machines, crab cookers, herring graders, and equipment for egg processing (brine tanks, agitators).

Added value equipment ("Traditional" category only): Equipment specifically used in the production of value added products: Skinless/boneless canned salmon, retortable pouch products, fish meal and oil not especially related to bottomfish operations, smoking, salmon fillets and fillet log products, and equipment to facilitate air fresh operations.

Traditional Species Investments.

During the 1986-1988 period, \$45.8 million of the \$83.4 million total reported on tax returns was invested in facilities and equipment devoted primarily to the processing of traditional species. About half of that amount was invested in the improvement and expansion of existing buildings and docks and the installation of new freezing, cold storage and ice making capacity.

Of the \$92 million in expenditures preapproved for 1989, \$29 million will be devoted to the production of traditional species. About 65% of that amount, or \$19 million, is expected to be reported as qualified expenditures on tax returns. Over the life of the program, \$65 million in qualifying, reported expenditures will be invested. Further details about traditional species expenditures are provided in Table 2 and Figure 3.

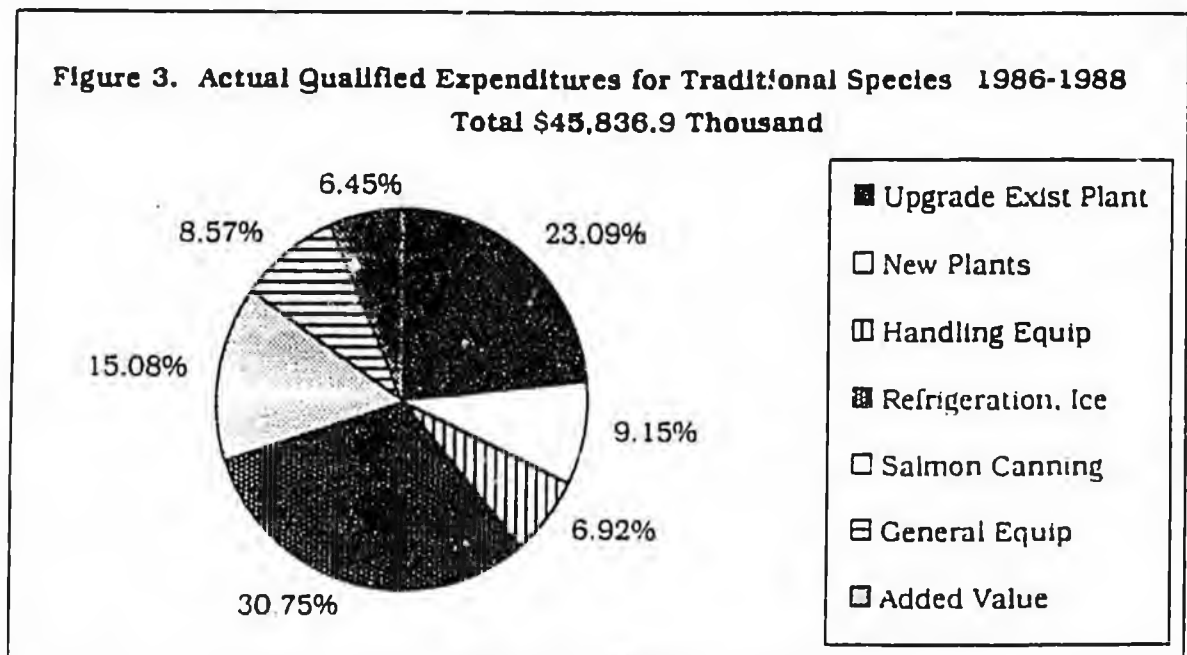


Table 2. Actual Qualified Expenditures 1986-1988 on Traditional Species

	Utilities, buildings	New Plants	Handling Equipment	Refrig. Ice, Freezing	Salmon Canning	General Equipment	Added Value	Total
Southeast	\$2,133.1	\$0.0	\$580.7	\$2,814.9	\$3,518.8	\$695.2	\$912.9	\$10,655.6
Prince William Sd	\$1,007.3	\$4,169.7	\$1,555.8	\$1,672.6	\$2,854.8	\$738.1	\$1,663.7	\$13,662.0
Cook Inlet	\$2,904.9	\$0.0	\$481.8	\$3,170.9	\$1.1	\$1,511.8	\$71.0	\$7,937.5
Kodiak	\$1,083.9	\$23.8	\$265.6	\$2,415.9	\$174.4	\$903.7	\$0.0	\$1,867.3
Aleutian Islands	\$2,387.7	\$0.0	\$43.5	\$129.4	\$0.0	\$0.0	\$300.0	\$2,860.6
Bristol Bay	\$1,042.8	\$0.0	\$238.3	\$3,839.8	\$357.9	\$267.9	\$0.0	\$5,746.7
Arctic-Yuk-Kusk	\$22.5	\$0.0	\$6.0	\$49.1	\$0.0	\$20.3	\$9.3	\$107.2
Total	\$10,582.2	\$4,193.5	\$3,171.7	\$14,092.6	\$6,910.0	\$3,930.0	\$2,956.9	\$45,836.9

Table 3. Actual Qualified Expenditures 1986-1988 on Bottomfish

	Utilities, buildings	New Plants	Handling Equipment	Refrig. Ice, Freezing	Surimi, Fillet	General Equipment	Total
Southeast	\$33.6	\$0.0	\$8.9	\$63.0	\$0.0	\$18.8	\$124.3
Prince Will Sd	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Cook Inlet	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$14.0	\$14.0
Kodiak	\$720.8	\$1,789.0	\$388.8	\$1,775.7	\$8,417.6	\$394.9	\$13,486.8
Aleutian Islands	\$8,839.2	\$3,755.0	\$440.8	\$59.7	\$10,767.1	\$87.5	\$23,949.3
Bristol Bay	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Arc-Yuk-Kus	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$9,593.6	\$5,544.0	\$838.5	\$1,898.4	\$19,184.7	\$515.2	\$37,574.4

Table 4. Total Actual Qualified Expenditures 1986-88 and Estimated Qualifying Expenditures for 1989*

	Traditional Species			Bottomfish			Grand
	1986-88	'89 Est*	Total	1986-1988	'89 Est*	Total	Total
Southeast	\$10,655.6	\$5,224.2	\$15,879.8	\$124.3	\$272.7	\$397.0	\$16,276.8
Prince Will Sd	\$13,662.0	\$2,613.1	\$16,275.1	\$0.0	\$477.8	\$477.8	\$16,752.9
Cook Inlet	\$7,937.5	\$3,163.6	\$11,101.1	\$14.0	\$0.0	\$14.0	\$11,115.1
Kodiak	\$1,867.3	\$3,400.3	\$8,267.6	\$13,486.8	\$2,499.3	\$15,986.1	\$24,253.7
Aleutian Is.	\$2,860.6	\$1,719.9	\$4,580.5	\$23,949.3	\$37,856.3	\$61,805.6	\$66,386.1
Bristol Bay	\$5,746.7	\$1,799.9	\$7,546.6	\$0.0	\$0.0	\$0.0	\$7,546.6
Arc-Yuk-Kus	\$107.2	\$645.3	\$752.5	\$0.0	\$0.0	\$0.0	\$752.5
Total	\$45,836.9	\$18,566.2	\$64,403.1	\$37,574.4	\$41,106.0	\$78,680.4	\$143,083.5

Bottomfish Expenditures.

Bottomfish investments for the 1986-88 period totalled \$37.6 million. About three-quarters of the amount was invested in new plant construction and specialized equipment for the production of fillets, surimi and meal. Preapproved 1989 expenditures total \$63 million for bottomfish. If 65% of the amounts preapproved are actually reported for credit, 1989 qualified expenditures for bottomfish would be \$41 million. (Table 3 and Figure 4.)

Combining expenditures reported in 1987 and 1988 and 65% of the amounts preapproved in 1989 indicate that during the life of the tax credit program Alaska processors will spend at least \$79 million to initiate the production of bottomfish. See Table 4.

Note that qualifying expenditures represent a minimum figure for investment. Some expenditures are disqualified, and some companies only report enough expenditures to match their anticipated tax liability. For example, one new surimi plant has preapproved expenditures under the tax credit program of about \$11 million. This amount is apparently sufficient to maximize the firm's potential credits given its expected tax liability. However, reliable information indicates that the company will actually spend nearly \$60 million on the project.

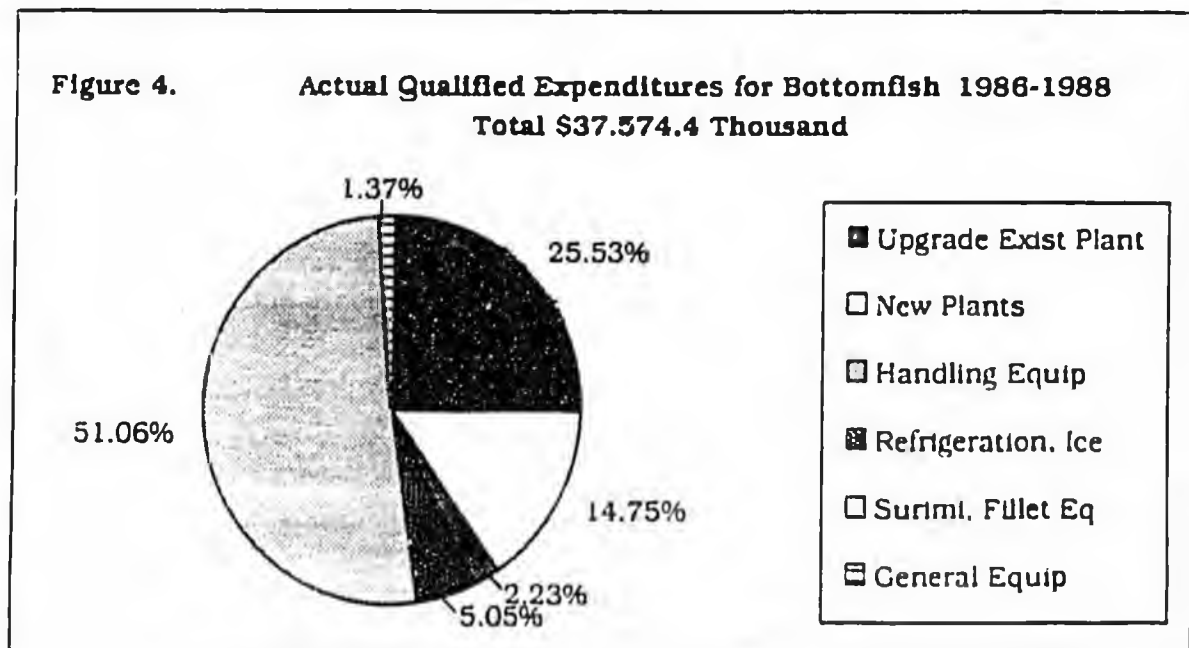


Table 5. Total Credits Applied 1986-88, Carryover, and Preliminary Approved Expenditures for 1989

Regional Analysis Location	Number	Tax Credits Applied		Total 1986-88	Carryover	One-half	Maximum	Theoretical
		1987	1988			1989 App Expend	Theoretical Credits	Credits Outstanding
Southeast	24	\$1,435.8	\$2,044.9	\$3,480.7	\$1,909.1	\$4,228.4	\$9,618.1	\$6,137.5
Prince William Sd	10	\$1,733.1	\$1,860.3	\$3,593.4	\$3,237.8	\$2,377.6	\$9,208.8	\$5,615.4
Cook Inlet	17	\$1,131.5	\$1,660.1	\$2,791.6	\$1,324.6	\$2,433.5	\$6,549.7	\$3,758.1
Kodiak	15	\$1,985.6	\$3,062.8	\$5,048.4	\$4,163.2	\$4,538.2	\$13,749.7	\$8,701.3
Alutian Islands	11	\$903.8	\$4,712.1	\$5,615.9	\$7,898.3	\$30,443.2	\$13,957.4	\$38,341.5
Bristol Bay	9	\$683.9	\$836.1	\$1,570.0	\$1,411.4	\$1,384.5	\$1,365.9	\$2,795.9
Arctic-Yuk-Kusk	3	\$0.0	\$21.4	\$21.4	\$32.2	\$496.4	\$550.0	\$528.6
Total	89	\$7,873.7	\$14,247.7	\$22,121.4	\$18,976.8	\$45,901.7	\$87,099.6	\$65,878.3

Table 6. Total Credits Applied 1986-88, Carryover, and Estimated Qualifying Expenditures for 1989*

Ownership Analysis Location	Number	Tax Credits Applied		Total 1986-88	1986-88 Carryover	One-half	Maximum	Max Est
		1987	1988			1989 Est Qual Exp*	Estimated Credits	Credits Outstanding
Alaskan Owned	44	\$4,001.4	\$5,290.8	\$9,292.2	\$3,152.7	\$14,903.1	\$27,347.9	\$18,055.8
US Owned	21	\$1,489.2	\$4,795.8	\$6,285.0	\$1,675.1	\$5,431.4	\$13,391.5	\$7,106.5
Foreign Owned	24	\$1,989.3	\$4,161.1	\$6,150.4	\$15,148.8	\$9,501.6	\$30,800.8	\$24,650.4
Totals	89	\$7,479.9	\$14,247.7	\$21,727.6	\$18,976.8	\$29,836.1	\$71,640.2	\$49,812.7
Fac. > \$1 Million	28	\$5,164.8	\$10,131.7	\$15,296.5	\$18,548.3	\$25,346.8	\$59,191.5	\$43,895.0
Fac. > \$5 million	6	\$1,109.2	\$3,856.3	\$4,965.5	\$11,659.9	\$19,100.1	\$35,725.5	\$30,760.0
Firms > \$2 million	12	\$5,886.9	\$11,223.1	\$17,110.0	\$16,417.6	\$25,870.6	\$59,398.2	\$42,288.2

*NOTE - The estimated '89 expenditures shown are 65% of the preapproved amount. See text for description.

Credits Taken

While reported expenditures totaled \$83 million during the 1986-1988 period, only about \$23 million in actual credits were applied. Credits are limited to 50% of a firm's tax liability and to 50% of qualified expenditures. Generally, the credits taken by most major firms are limited by their tax liability and not by the size of their qualified expenditures. Qualified expenditures made in 1986-1988 generated potential credits of \$42 million, nearly twice as large as the amount actually applied. The credit carry forward is about \$19 million. See Table 5.

The Department of Revenue has preapproved expenditures in 1989 of \$92 million. Total theoretical credits potentially equal \$88 million (half of the 1989 preapproved amount plus the amount carried forward and the amount already claimed). However, based on past experience, qualified expenditures actually reported on tax returns will be about 65% of the amount preapproved (\$60 million), generating an estimated credit of \$30 million. Adding the 1989 estimated credit and the 1987 - 1988 carryover (\$19 million) gives a more probable maximum estimated credit outstanding of \$50 million. See Table 6.

Anticipated Total Revenue Impacts

Investments in facilities and equipment placed in service during 1989 may be used to qualify for credit through 1991. However, credits actually applied will probably peak in 1988, with the smallest amounts taken in 1987 and 1991. The price and volume of fish and shellfish and thus tax receipts (and credits) are expected to be less in 1989 and 1990 than in 1988. By 1991 most firms with credits to carry forward will have exhausted their 3 year window. The overall credits actually applied during the life of the tax credit program are expected to total between \$48 and \$55 million, about 60% of the total credits potentially available (\$87 million).

Plant Ownership

In order to show how the benefits of the tax credit program are distributed, an attempt was made to compare expenditures and credits applied according to the following ownership categories: U.S., Foreign and Alaska. There is no practical way to "officially" determine plant ownership and even arriving at consistent, meaningful definitions is difficult. However, ownership of most major facilities is common industry knowledge and it was felt that it would be more useful to do an imperfect comparison than to avoid the issue. Knowledgeable individuals, news reports and other sources were consulted to help arrive at the ownership designations used.

Firms are designated Alaskan owned if the president or general manager resides in the state, if it is owned by a resident corporation, or if it is generally thought of as a locally owned facility. There are instances where a firm may have begun operations in the state, has a significant proportion of resident stockholders and a substantial part of their management staff are residents, but for business

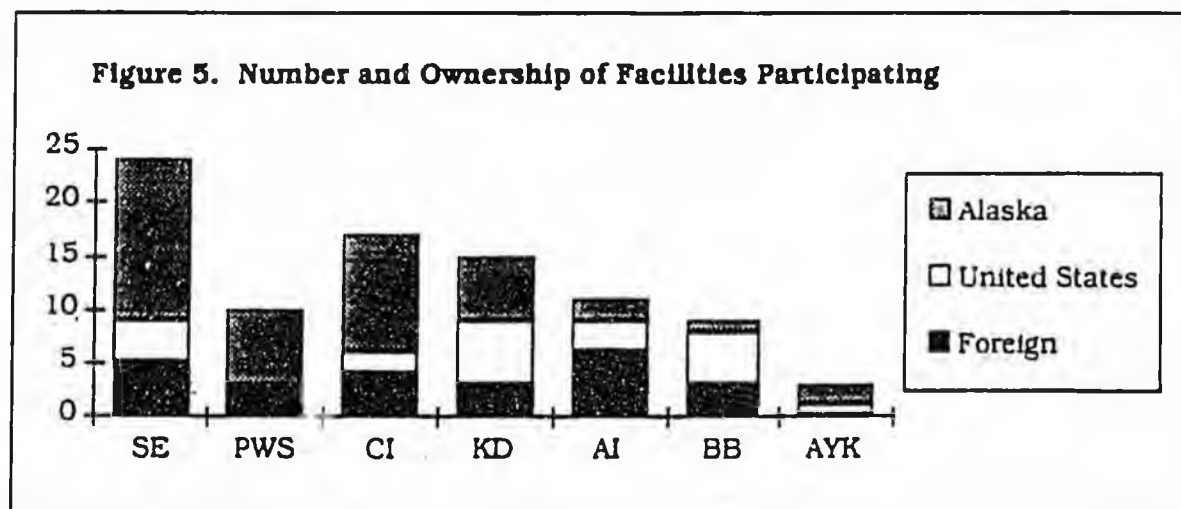
reasons the firm elected to move their corporate offices outside the state. Such firms are also termed Alaskan.

Firms are designated U.S. owned if they are known to be owned by outside corporations, if they have never had their headquarters in the state, if there are no known significant resident stockholders and if most management staff have their homes outside the state.

Firms are termed foreign owned if reports indicate that all or nearly all the company is held by foreign nationals or foreign corporations. In practice, foreign owners tend to have full ownership control of the firms in which they are heavily invested. Those firms classified as foreign in this paper are all thought to have 90% or more foreign ownership.

Of the 89 facilities where expenditures have or will be made under the tax credit program, on the order of 44 are owned by Alaska residents or Alaska-based corporations, 24 by foreign entities, and 21 by U.S. citizens or corporations headquartered outside of the state. See Table 6.

Forty-one percent of the credits actually applied through 1988 were taken by Alaskan firms, 29% by US firms, and 31% by foreign firms. Based on the tax liabilities of the companies involved, the 1989 approved expenditures and the amount of credits carried over from prior years, this ratio is not expected to change appreciably in the future.



Concentration of Major Investments

Through 1988, 14 firms had made investments of more than \$1 million at 18 plants. These large investments amounted to \$65 million or about 77% of all investments made during the period. As a result of these investments, credits totaling \$18.2 million were actually applied. This amount represented 79% of all credits taken during the period. See Table 7.

Adding 65% of 1989 preapproved expenditures to those reported through 1988 gives an estimate of total expenditures through the life of the credit program. Through 1989, 22 firms will likely have made investments of more than \$1 million at each of 28 plants. This category of large investments will total about \$128 million or 89% of the total estimated expenditures of all participating firms.

Total expenditures by company for the life of the tax credit program are estimated below:

Table 7. Company Expenditures by Size

<u>Expenditures</u>	<u>Number of firms</u>	<u>Invested</u>	<u>% of Total</u>
Over \$1 million	22	\$128 million	89%
over \$2 million	12	\$114 million	79%
over \$5 million	8	\$99 million	69%
over \$10 million	5	\$75 million	52%
over \$15 million	2	\$43 million	30%
over \$20 million	1	\$26 million	17%

Areas

Area designations used in this paper are:

- SE: Southeast, includes Yakutat
- FWS: Prince William Sound, includes Seward
- CI: Kodiak, includes Chignik
- AI: Aleutian Islands, includes Sand Point, King Cove
- BB: Bristol Bay, includes Port Moller, Togiak
- AYK: Arctic, Yukon, Kuskokwim - includes points north of Togiak and interior rivers.

Wards Cove Packing Company

PHONE (206) 323-3200

88 E. HAMLIN STREET
P.O. BOX C-5030
SEATTLE, WA 98105-0030

Day Fax (206) 323-9165

February 21, 1997

The Honorable Jerry Mackie
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Dear Senator Mackie,

I am writing to express my support for SB 52, which you recently introduced into the Alaska State legislature. Wards Cove Packing Company has been processing seafood in Alaska since 1914. We presently operate seafood processing facilities in Ketchikan, Excursion Inlet, Kenai, Kodiak and Bristol Bay. In addition to our wholly owned facilities we are also involved in joint venture operations in Seward and Dutch Harbor. Our wholly owned operations are based primarily on salmon; the joint venture in Seward concentrates on bottom fish, and the joint venture in Dutch Harbor is a major processor of surimi, crab and codfish. Our seasonal employment in our salmon operations runs to about 2,500 employees in state during the season, and our joint venture operations account for another 500 employees. Again, on a seasonal basis.

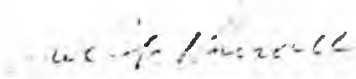
In your letter you inquired as to the extent our company used tax credits in the past and the development purposes that were achieved. In 1987, 1988, and 1989 we undertook a number of major projects in Bristol Bay, Kodiak, Kenai and Southeastern. All of these projects were undertaken to improve our then processing and quality procedures and allowed us to expand our processing capabilities at our existing locations. The expansions were intended to allow us to produce a higher valued product, and in almost every instance it led to the hiring of additional employees. The projects ranged from installation of a skinless and boneless production line to new freezing facilities, bottom fish expansions, and physical improvements for better quality control in processing. The great attribute of the tax credit was that it allowed us to undertake major expansions within a short period of time, rather than having to stretch them out over a period of many years. In short, the tax credit allowed us to jump-start major quality improvements and expand production capabilities into more highly valued products. I would be pleased to furnish you with a list of the cost of the projects, but would not want it to become a public document as it contains some proprietary information. Please let me know if you would like me to provide that information to you under separate cover.

The Honorable Jerry Mackie
Page 2

The structural change in the world market for salmon is going to require Alaska processors to look for new and more efficient ways to produce salmon with a higher appeal to the consumer. This will require improvements in quality techniques, and expansion and construction of facilities that will help us better meet this new competitive reality. The passage of SB 52 would help the industry meet the additional financing requirements necessary to achieve those objectives. Some specific possible capital investments the existence of the present tax credit would facilitate for Wards Cove are: improved unloading facilities for direct delivery of salmon in Southeastern, Alaska; construction of additional icing and cold storage facilities; value added facilities in Southeastern Alaska and Kodiak, and installation of value added capacity in Bristol Bay and Kenai. All of these possible projects would enhance the quality and marketability of the fishery products we purchase and would require substantial capital outlays at a time when the industry's financial resources are stressed. The assistance of the proposed tax credit would go a long way towards making some, if not all, of the projects a reality.

I hope the above information is useful to you and if you need anything further from us please let me know. I think your proposed bill would be a great benefit to Alaska's fishing industry and hope that the members of the legislature and the administration will be able to support it.

Sincerely,


Alec W. Brindle
President

AWB/cp

OCEAN BEAUTY

SEAFOODS, INC.

MA file

February 26, 1997

Senator Jerry Mackie
State Capitol, Room 427
Juneau, AK 99801-1182

Dear Senator Mackie:

On behalf of Ocean beauty Seafoods, Inc. (OBSI), I extend our complete support for your efforts with the introduction of SB 52 into the Alaska State Legislature. SB 52 should be acknowledge as a pro-active program to stimulate the commercial fishing industry and bring economic stability to those communities that are along Alaska's 34,000-mile coastline from Kotzebue to Ketchikan. Just as important as SB 52 is to Alaskan's on the coastline, your bill will also have a positive effect for Anchorage's \$100 million seafood industry and those 22 companies that are licensed to operate within the Anchorage area.

During Alaska's last tax credit program, OBSI spent over \$4,000,000 for:

- : The construction of the only cold storage facility in Prince William Sound (75,000 cubic feet);
- : Increased freezing capacity - Cordova Plant;
- : Construction of cold storage facility at OBSI's Kodiak Plant;
- : Installation of a mechanical bottom-fish line for OBSI's Kodiak Plant.

To date these investments have afforded OBSI the opportunity to process over 200 million pounds of under utilized seafood. This has benefited the state, its resources, and its citizens. OBSI would not have had this opportunity without the foresight of the state legislature.

With the passage of SB 52, I anticipate OBSI could invest approximately \$1.5 to \$2.0 million for participation in this program between fiscal 1998 and fiscal year 2000. Presently, I foresee our investment directed toward salmon processing equipment that would allow OBSI to move into the new century with consumer oriented Alaska pink salmon products; such as:

- : Flavored Alaska pink salmon with EOE's
- : Alaska Pink fillets in a pouch
- : Alaska smoke salmon
- : Alaska s/l pollock fillets



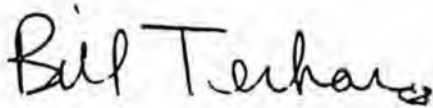
The equipment needed to produce these products for the future would be:

- : Butchering equipment for fillets (flavored)
- : Processing equipment for additives to products
- : Pouch equipment
- : Bottomfish equipment for Cordova to match our Kodiak Plant's success story

On behalf of the 1,000-plus employees that work in OBSI plants located in Kodiak, Cordova, Petersburg and Naknek I thank you for your support of the state's seafood industry with the introduction of your SB 52 program. In addition, please extend our gratitude to Senators Torgerson, Taylor and Leman for their support of SB 52.

Sincerely,

OCEAN BEAUTY SEAFOODS, INC.

A handwritten signature in black ink that reads "Bill Terhar". The signature is written in a cursive, slightly slanted style.

Bill Terhar
President and COO

cc: Honorable Alan Austerman, Chair, House Committee on Fisheries



cook inlet processing

Box 9
Kodlak, Alaska 99615
(907) 488-8385
Fax (907) 488-8592

2/12/97

Senator Jerry Mackie
Alaska State Capitol, Room
Juneau, AK 99801

Dear Senator Mackie,

Attached are data depicting employment trends for Cook Inlet Processing for the years 1993 through 1996.

The data shows that C.I.P. has been relatively consistent in pounds of products purchased during that period; however, the raw fish taxes paid, number of employees and their salaries and wages have actually increased dramatically. An analysis of the data would indicate that harvest periods are limited and/or quotas are smaller resulting in a requirement for more employees (20% increase from 1993 to 1996), higher wages and salaries (13% increase from 1993 to 1995), and fish taxes collected show that we're paying more for the fish (15% increase from 1993 to 1996).

The most adversely affected segment of our fishing industry is clearly salmon. Canned pinks have declined in value steadily over this period-wholesaling for \$36.00 per case in The 1992 to a current \$18.00 per case of 24 tall cans. Canned sockeye have declined from \$75.00 to \$58.00 per case during those years.

Frozen headed and gutted pinks, selling for 75 cents to 85 cents F.O.B. Seattle after 1992 season, sold for 20 cents to 30 cents per pound in 1995. 1996 saw a slight up turn to 50 cents to 60 cents, but still well below processors' costs. Prices for frozen, net chum, coho and sockeye have likewise tumbled by 50% to 90% of their value during the early 90's. The chum markets have been especially impacted as evidenced by the roe stripping operations conducted at the hatcheries in 1996. The fish were of so little value they couldn't even be processed to break-even. The roe stripping exacerbated the deterioration of already weakening sujiko and ikura markets. The primary consumption of pink roe in Japan - sujiko - has dropped in value from an F.O.B. Alaska price of \$3.50 per pound in 1992 to \$2.10 per pound in 1996. Off grade sujiko, selling at \$1.75 in 1992 was sold at \$.80 to \$1.00 or discarded. An educated guess is that up to 30% of all pink roe was discarded in 1996. For a company like C.I.P., whose salmon production represents 40% to 60% of its total pounds purchased, and sales revenue, current trends are not acceptable.

Senator Mackie, your proposal to refund up to 50% of the raw fish taxes to the processor for investment, and / or innovation, is needed now. The salmon industry must adapt to process the increasing numbers of pink and chum salmon being produced in hatcheries and through better survival of wild stocks. Perhaps the greatest deterrent to salmon production is timing. All fish are still returning within a six-week period. Production and technology constraints require that up to 90% of all pinks are canned. The rest are headed and gutted or filleted.

My comments have been primarily focused on the Alaskan salmon industry since, salmon provides more income, sales and employment than any other fishery. A healthy, Alaskan seafood industry can only be achieved in consonance with a healthy salmon industry.

In 1987 the predecessor to your Bill was adopted by the Alaskan Legislature for the purpose of developing an on shore bottomfish industry. The action was notably effective in several ways:

1) Onshore processors were able to afford the expensive pollock and true cod filleting machinery available to the offshore industry through export financing.

2) The technology to harvest and transport bottomfish, to produce acceptable quality fillets and surimi and the marketing of those products all were developed through funds generated by fish tax credits.

3) As the onshore industry developed, so did the understanding of it by the North Pacific Fisheries Management Council. Regulations were adopted to preserve the onshore industry and set the stage for its growth. Factory trawlers were outlawed in the Gulf of Alaska for harvesting cod and pollock. Roe stripping was banned. Observer programs were implemented to provide better management data and to reduce conflicting harvests and damage to non target species. All of the above problems were highlighted by the onshore industry who insisted the fishing processors and mothership operations were, despite their denials, encountering the same set of conditions.

To say that the Fish Tax Credit Bill of 1987 was the only factor in providing for the development of our onshore industry would obviously be only partially correct. What the bill did do was to catalyze the capitalization of the onshore industry while there was still a resource available to harvest.

Your approach to solving the problems of the seafood industry i.e. tax credits, appears to me to be the only viable proposal to date. The additional capital generated by tax credits will be available only for upgrading facilities and buying equipment to expand value-added product lines including boneless skinless canned products. Portioning equipment will be purchased to meet the demands of a growing retail business for salmon and bottomfish fillets. Jobs will be created as the resource is being utilized rather than allowing for roe stripping and carcass disposal.

The problems realized in the salmon industry in recent years have been cumulative through increasing farm production in Europe and South America, ocean ranching in Japan and the favorable survival rates of our own hatchery and wild stocks. Having too many fish is only a perception as it relates to the present concepts of utilization. Future utilization of these stocks and development of markets can only be achieved through consumer acceptance of our salmon products.

Consumer acceptance can be accomplished only at a great expense. Much of that cost is now being borne by the fishermen and processors. Its definitely time to include the State and ask that the 50% of the raw fish taxes destined for State coffers be made available to salvage our failing industry.

Sincerely,



Melvan E. Morris Jr.

Vice President of Operations

C.I.P.

TOTAL

SALARIES & WAGES

1993	8361368
1994	8166886
1995	9542995
1996	7727393
FOUR YEAR TOTAL	33798642
FOUR YEAR AVERAGE	8449660.5

AVG NO. OF EMPLOYEES

1993	411
1994	450
1995	532
1996	513
FOUR YEAR TOTAL	1906
FOUR YEAR AVERAGE	477

LBS PURCHASED

1993	69677628
1994	68527285
1995	88738154
1996	61092306
FOUR YEAR TOTAL	288035373
FOUR YEAR AVERAGE	72008843

RAW FISH TAXES PAID

1993	811173
1994	872968
1995	1056303
1996	952978
FOUR YEAR TOTAL	3693422
FOUR YEAR AVERAGE	923356

1993-1996 PLANT COMPARISONS

	KENAI	KODIAK	UGANIK	TOTAL
SALARIES & WAGES				
1993	1840030	469707	1830631	4140368
1994	2690207	3852927	1623752	8166886
1995	2975989	4522432	2044574	9542995
1996	2454893	3905352	1387348	7727393
FOUR YEAR TOTAL	9960919	12760418	6886305	28577642
FOUR YEAR AVERAGE	2490230	3187606	1716576	7394411
AVG NO. OF EMPLOYEES				
1993	187	190	34	411
1994	189	214	47	450
1995	238	241	55	532
1996	243	212	58	513
FOUR YEAR TOTAL	858	867	194	1908
FOUR YEAR AVERAGE	214	214	49	477
LBS PURCHASED				
1993	1652822	33304351	19845056	69677628
1994	14069125	36134388	18323772	68527286
1995	19128661	42472426	27139067	88738154
1996	14378767	33868842	12848897	61082306
FOUR YEAR TOTAL	64102774	145778007	78154892	288035373
FOUR YEAR AVERAGE	16025694	36444502	19538648	72008843
RAW FISH TAXES PAID				
1993	301826	333090	178257	811173
1994	323539	381288	168131	872968
1995	206546	483667	294190	1056303
1996	316395	462480	174093	952978
FOUR YEAR TOTAL	1208306	1672445	812671	3693422
FOUR YEAR AVERAGE	302077	418111	203168	923356

NO. OF EMPLOYEES IS BASED UPON ADOL MULTIPLE WORKSITE REPORT
 RAW FISH TAX AMOUNTS DO NOT INCLUDE THE .3% FOR ASMI



WOODBINE ALASKA FISH COMPANY

□ P.O. BOX 218
NAKNEK, AK 99833
PH: (907) 246-4241
FAX: (907) 246-3487

□ WAFCO-EGEGIK
P.O. BOX 218
EGEGIK, AK 99579
PH: (907) 233-2205
FAX: (907) 233-2200

□ P.O. BOX 767
RIO VISTA, CA 94571-0767
PH: (707) 374-5012
FAX: (707) 374-2300

February 28, 1997

Senator Jerry Mackie
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182
via fax: 907 465-3517
and regular mail

re: SB52

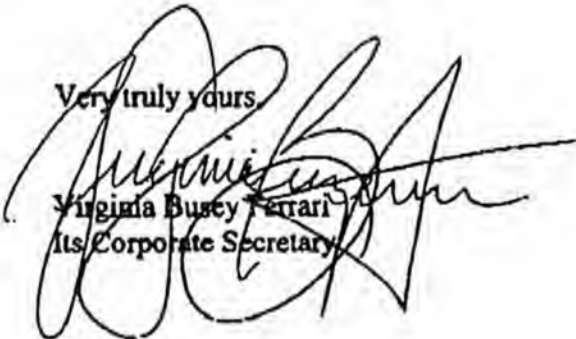
Dear Senator Mackie:

We are in receipt of your SB52 proposal and we are very much in favor of it. We were able to use the prior Fishery Tax Credit to install much needed processing equipment which greatly increased the quality of the product we produced. Our industry is in much need of additional investments to further stimulate sales and quality / product improvement and new development if we are to keep up with the rapidly changing world markets.

We own and operate a floating processor, for herring (from PWS to Norton Sound) and Salmon (primarily Bristol Bay and the Kuskokwim). We also own and operate a freezer plant and cannery, shore-side in Egegik, Alaska (Bristol Bay). We process not only Bristol Bay products, but we tender in from other areas as well. We presently employ approximately 250 people during the peak of the season, and if we are able to increase production / quality through additional investments by incentive, we would anticipate that the employment figure would certainly increase.

If we can be of any assistance in working with you on the successful passage of SB52, please don't hesitate to call on us.

Very truly yours,


Virginia Busey Ferrari
Its Corporate Secretary



January 27, 1997

Senator Jerry Mackie
State Capitol
Juneau, Alaska 99801

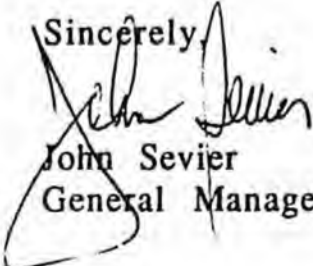
Re: SB 52, Fisheries Business Tax Credits.

Dear Senator Mackie,

I want you to know of our strong support for SB 52. It offers the best way to improve the marketability of Alaskan seafood products. We used the last program in 1988 and it was instrumental in our expanded use for white fish products. If SB 52 is enacted, the communities where we have processing plants today would improve product quality and give the opportunity for year round production to the benefit of both our harvesters and work force.

I applaud your efforts for the fishing communities. I am pleased that you and the cosponsors are giving serious attention to the needs of the seafood industry.

Sincerely,


John Sevier
General Manager

(907) 747-6662

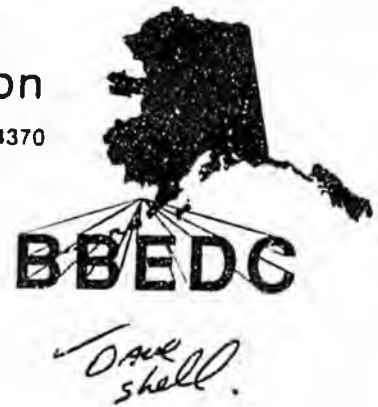
FAX (907) 747-6268

FRESH AND FROZEN SALMON, COD, SABLEFISH, HALIBUT, ROCK FISH, CRAB, HERRING



Bristol Bay Economic Development Corporation

P.O. Box 1464 • Dillingham, Alaska 99576 • (907) 842-4370 • Fax (907) 842-4333 • 1-800-478-4370



January 31, 1997

Senator Jerry Mackie
Alaska State Senate
Room 404
State Capital
Juneau, Alaska 998801-1182

Re: Senate Bill 52

Dear Senator Mackie:

The Bristol Bay Economic Development Corporation, the CDQ group for 14 villages in the Bristol Bay Region, is supportive of Senate Bill 52. Our purpose is to promote economic development in the Bristol Bay area. Tax incentives for those looking at value added salmon products makes a positive impact on future success for the business.

Wild Salmon markets must be expanded to maintain our market share. Adding new and diverse products is the most advantageous way to accomplish this goal. New economic enterprises also add to our local economy with long term employment and diversity of activity.

Sincerely,

Judith Nelson
Executive Director

cc: Senator Leman
Senator Taylor
Senator Torgerson
Senator Hoffman

Inlet Fish Producers, Inc.

P.O. Box 114, Kenai, AK 99611
(907) 283-9275 • FAX (907) 283-4097

D ✓

February 27, 1997

Senator Jerry Mackie
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Senator Mackie:

Inlet Fish Producers, Inc. (IFP) was incorporated in 1989 and claimed Fisheries Tax Credit (FTC) for 1989. The FTC law at that time allowed a fisheries business to claim a credit for a maximum period of three consecutive years, with the applicant electing to begin the three-year period with any tax year from 1987 through 1989. It seemed clear to us at the time that IFP could begin its three-year period in 1989 and continue to earn and utilize the FTC for 1990 and 1991, the last two years of our three-year period that began within the 1987 - 1989 legislated period.

IFP learned that the Alaska Department of Revenue did not interpret the law in the same way it did and that the Department's regulations only allowed the credit to be earned within the 1987 - 1989 period and utilized within the three consecutive year elected period. IFP was informed that it could begin its three-year period in 1989, earn credit in 1989 (the final year per regulations), utilize credits up to 50% of its 1989 tax liability, and any unused credits left over could carry over to 1990 & 1991, but that no new credits could be earned in 1990 & 1991.

The following enclosures relate to the issue at the time; 1) 11/30/89 letter from Senator Frank Zharoff, one of the original bill sponsors, to the Dept. of Revenue explaining, on our behalf, the intent of his bill and his disagreement with the Department's Regulations, and 2) 12/5/89 letter outlining our problem to our State Senator, Paul Fisher.

IFP continued in its stance that the FTC could be earned and utilized in 1990 & 1991 and claimed the FTC for 1990. Needless to say, the Dept. of Revenue denied our claim application. On 1/5/90, IFP appealed DOR's denial of our 1990 credit. On 3/21/91, a Revenue Hearing Officer, Myron Klein, issued his decision on our appeal and ruled in our favor, see enclosed Decision No. 91-008. A Supplemental Order to Decision No. 91-008 was issued 4/2/91, copy enclosed, that invalidated DOR's regulations regarding this issue.

IFP spent \$15,000 teaching DOR how to interpret a plainly stated law, and to top it off, we received no help when asked for a reimbursement of our costs, see enclosed 9/13/91 letter from our attorney, Phil Blumstein, and DOR's response, dated 9/18/91. Along with our loss, I've often wondered how much many other fisheries businesses lost because they were not informed of the availability

of the credit in timing circumstances like ours.

Now that all this long background is out of the way, I'd like to offer some comments so that we, and other fisheries businesses, will not have to go through our past pains again.

1. There is a difference in FTC ~~earned~~ and FTC allowed to be utilized. I highlighted these terms above because it makes a difference in what is intended in a bill. The following suggestions are made to clarify an intent similar to the past FTC bill. New text will be underlined and deleted text [bracketed].

2. Page 1, line 14 - (b) A fisheries business may earn and claim a credit...

3. Page 2, line 2 - ... from 1998 through 2000[.]therefore, the latest possible year an applicant could earn and/or claim the credit would be the tax year 2002.

Comment #2 and/or #3 above are needed to clarify the term when credits can be earned and not just utilized.

4. Page 2 - sections (c) & (d) do not clearly define the separation of how the credit is calculated and how it is utilized. I assume that you intend the credit to be 50% of the qualified capital expenditures, that utilization of the credit is limited to 50% of the tax under AS 43.75.015, and that the credit earned percentage is increased by the same amount by which a municipalities tax refund is reduced.

I suggest (c) be rewritten as follows:

(c) A tax credit earned under this section shall be calculated at a rate of [may not be approved for more than] 50 percent of a capital expenditure, plus any increase required under (d) of this section.

I do not believe the above deleted approval language is needed for this subsection as (a) of the section already defined the approval needed for the capital expenditures.

I suggest (d) be rewritten as follows:

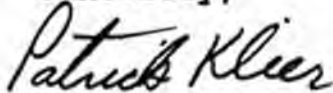
(d) The amount of a credit earned under [(a) of] this section [for a capital expenditure involving a shore-based fisheries business facility of cooperative seafood industrial park located or to be located in a municipality] shall be increased by the amount by which the municipality's fisheries business tax refund is reduced under AS 43.75.130(h). The total amount of a credit increase under this subsection during a three-year period may not exceed 25% of the amount of the capital expenditure.

Summary of IFP's past FTC		
Year	Credit Earned	Credit Utilized
1989	2,651	0
1990	156,744	48,870
1991	14,980	115,308

As you can see, IFP was able to save \$164,178 through the previous tax credit bill. Those savings were applied toward the construction of a facility in Seward, AK, thereby expanding our efficiency and production capabilities. A current SB 52 program would be utilized by IFP towards construction of a facility in a remote location to increase our capacity, efficiency and quality. In this time of increasing competition in our industry, product quality and diversity must be improved, however, such improvements cost money that all processors always seem short of. SB 52 would greatly assist all Alaskan processors in meeting today's challenges to our industry.

I hope the above suggestions will assist you in passage of your bill and to prevent the problems we encountered with a department that was not very friendly to our industry nor receptive to the legislature's direction.

Sincerely,



Patrick Klier
Secretary

Sahalee of Alaska

SUPERIOR QUALITY • SUPERIOR SERVICE

March 18, 1997

Senator Jerry Mackie
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

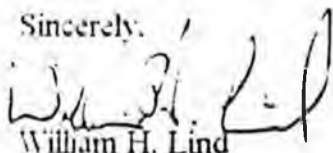
Dear Senator Mackie:

Sahalee of Alaska, Inc., is a primary seafood processing facility located in Anchorage with buying stations in both Homer and Seward. We operate year round and employ a monthly average of approximately 50 workers.

Established in 1992, Sahalee did not participate in the tax credits offered through the tax credit program from 1986 to 1991. We, however, would consider capital investments of expanding the size of our current facility and purchasing equipment that would allow Sahalee to increase production and employment positions. Skinning and fillet machines would be extremely helpful in the production of a consistent finished product.

We support your efforts in the introduction and hopeful passage of legislation that will help with the burden of such costly investments necessary for expansion. Please call us if you need any other information.

Sincerely,



William H. Lind
President

WHL:sjb



SEAFOOD PRODUCERS COOPERATIVE

PRODUCERS, PROCESSORS & MARKETERS OF PREMIUM QUALITY SEAFOODS

January 23, 1997

Senator Al Adams
State Senate
State Capitol, Room #417
Juneau, AK 99801-1182

Dear Senator Adams:

The 475 member fishermen of Seafood Producers Cooperative urge you to support Senate Bill 52, introduced by Senator Jerry Mackie.

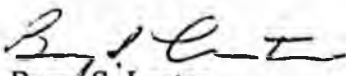
It is our belief that this bill will provide processors like ourselves the incentive to expand our processing facilities, purchase new equipment, increase efficiency, improve quality, add value to our fishery products, and develop new markets for those products.

It will provide more jobs in the processing sector, increase ex-vessel prices to fishermen, and have a positive economic impact on local communities and businesses.

This tax credit initiative is extremely important to all of us in the seafood industry. Please support Senate Bill 52.

Sincerely,

SEAFOOD PRODUCERS COOPERATIVE


Barry S. Lester
General Manager/CEO

PC: Senator Jerry Mackie



NORTH PACIFIC PROCESSORS, INC.

HOME OFFICE 2300 EASTLAKE AVE EAST • SEATTLE, WASHINGTON 98102 • (206) 726-9900
PO BOX 31179 • SEATTLE, WASHINGTON 98103-1179

✓
Dave Shell

January 23, 1997

The Honorable Senator Jerry Mackie
Alaska State Senate
State Capital
Juneau, Alaska 99801-1182

Dear Senator Mackie:

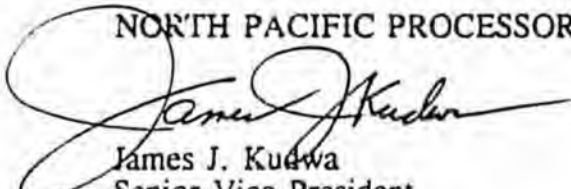
North Pacific Processors has had the opportunity to review your Senate Bill 52 and wishes to express its support of you for the passage of SB 52.

The prior enacted program helped North Pacific Processors diversify into new product lines and increases its efficiency, capacity and quality of seafood products.

We feel that the passage of SB 52 would again financially help North Pacific Processors in the development of new product lines, thus increasing our ability to acquire more product from the fishermen and create more year-round jobs at our processing facilities in Alaska.

Very truly yours,

NORTH PACIFIC PROCESSORS, INC.


James J. Kudwa
Senior Vice President

JJK/lli

Processors of Quality Alaska Seafoods

Prime Select Seafood's Inc.PO Box 846
Cordova, Alaska 99574
USAAnchorage Phone 907-274-3176
Anchorage Fax 907-274-3176

March 3, 1997

Senator Jerry Mackie
Alaska State Legislature
State Capital
Juneau, Alaska

Dear Senator Mackie,

In reading over SB 52, Fisheries Business Tax Credit I can see how it would be a popular bill for the industry to get behind. Tax credits by their very nature are popular animals. If in fact these tax credits go for equipment upgrades that add value to the Alaska salmon production then great. However I need some clarification on what part of the raw fish tax is credited. Is it all the raw fish tax that the processors collect from the fishermen, or is it just the processor contribution?

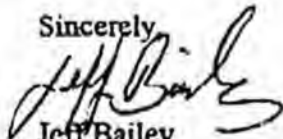
My only problem with SB 52 is that it excludes companies like Prime Select Seafood's. The reason for this is that we contract with a local Cordova processor to do all of our custom processing. By not actually owning our own plant we would not be upgrading or buying new equipment ourselves. In effect eliminating us from benefiting from SB 52 and putting us at a competitive disadvantage within the industry.

Our reason for contracting out our processing is simply to keep our costs down so we are competitive in the market place. This arrangement not only helps North Pacific Processors keep their costs down by maximize the over all plant production, it also keeps us from going into debt building our own facility. The last thing this state needs is another empty fish processing plant.

We have been innovative in working together with others in the industry. This innovation helps share the high cost of processing which keeps us competitive with farm salmon. What we do makes good business sense and as we both know the Alaska salmon industry needs all the good business sense it can find.

In closing I would ask that you consider adding partnership arrangements like ours to SB 52.

Sincerely



Jeff Bailey

President

Prime Select Seafood's Inc.



YUKON RIVER DRAINAGE FISHERIES ASSOCIATION

733 WEST 4TH AVENUE SUITE 881 ANCHORAGE, ALASKA 99501 (907) 279-6519

Resolution 97-2

In support of Senate Bill 52

WHEREAS the Yukon River Drainage Fisheries Association (YRDFA) represents commercial, subsistence and sport users of salmon and other fish within the Alaska portion of the Yukon drainage;

WHEREAS the tough economic conditions being experienced by shore-based seafood processors throughout the state of Alaska make it difficult for them to invest in new equipment to modernize their plants to improve quality and efficiency and diversify their product line or to invest in the development of a cooperative seafood industrial park;


WHEREAS Senate Bill 52 would allow fisheries businesses to claim a credit of not more than 50 percent of a capital expenditure involving a shore-based fisheries business facility or cooperative seafood industrial park;

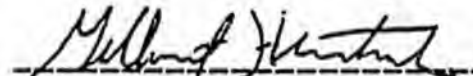
BE IT RESOLVED that the Alaska State Legislature approve Senate Bill 52 so that Alaska's shore-based processing facilities can be assisted in improving their facilities and developing seafood industrial parks so that Alaska's seafood industry and its many participants can survive into the 21st century.

COPIES of this resolution to be sent to the the Commissioners of Fish & Game, Commerce & Economic Development, and Revenue, and to Governor Tony Knowles and to the Alaska State Legislature.

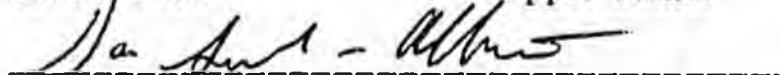
APPROVED unanimously this 12th day of February 1997 by the Board members and Delegates of YRDFA assembled at their Seventh Annual Meeting held in Mountain Village, Alaska.

CERTIFIED:


Harry Wilde, co-chair
Lower Yukon


Gilbert Huntington, co-chair
Upper Yukon

ATTEST:


Dan Senecal-Albrecht, executive director

04/09/97

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM

LTN1150

16:35:00

PARTICIPANT LIST (ALL PARTICIPANTS)

BY:KOD

TCN:70592 SCHEDULED FOR:04/09/97 16:30 TO 18:00

FOR:KOD

PUBLIC HEARING

SENATE RESOURCES

LOCATION:KODIAK

SB 52

MR

DAVE

WOODRUFF

PROCESSOR MANAGETESTIFY



NO



SEAFOOD PRODUCERS COOPERATIVE

PRODUCERS, PROCESSORS & MARKETERS OF PREMIUM QUALITY SEAFOODS

JAN 28 1997

January 23, 1997

Senator Rick Halford
State Senate
State Capitol, Room #121
Juneau, AK 99801-1182

Dear Senator Halford:

The 475 member fishermen of Seafood Producers Cooperative urge you to support Senate Bill 52, introduced by Senator Jerry Mackie.

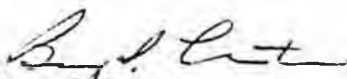
It is our belief that this bill will provide processors like ourselves the incentive to expand our processing facilities, purchase new equipment, increase efficiency, improve quality, add value to our fishery products, and develop new markets for those products.

It will provide more jobs in the processing sector, increase ex-vessel prices to fishermen, and have a positive economic impact on local communities and businesses.

This tax credit initiative is extremely important to all of us in the seafood industry. Please support Senate Bill 52.

Sincerely,

SEAFOOD PRODUCERS COOPERATIVE


Barry S. Lester
General Manager/CEO

PC: Senator Jerry Mackie