

**SENATE BILL REPORT**

**SSB 5300**

**AS PASSED SENATE, JANUARY 31, 1992**

**Brief Description:** Limiting business and occupation tax on fisheries.

**SPONSORS:** Senate Committee on Ways & Means (originally sponsored by Senators Snyder, Rasmussen and Amondson).

**SENATE COMMITTEE ON WAYS & MEANS**

**Majority Report:** That Substitute Senate Bill No. 5300 be substituted therefor, and the substitute bill do pass.

Signed by Senators McDonald, Chairman; Bauer, Bluechel, Cantu, Gaspard, Hayner, Johnson, L. Kreidler, Metcalf, Murray, Newhouse, Niemi, Owen, Rinehart, L. Smith, Talmadge, West, and Williams.

**Staff:** Terry Wilson (786-7715)

**Hearing Dates:** February 26, 1991; February 28, 1991

**BACKGROUND:**

Commercial fishers are subject to the general state business and occupation tax on the gross proceeds of their businesses. If the fish are sold in Washington, the commercial fisher is subject to the business and occupation tax under the wholesaling or retailing classification at the rate of .484 percent or .471 percent, respectively. If the fish are sold outside the state, the commercial fisher is subject to the B&O tax under the extracting classification at the rate of .484 percent but only if the fish were caught in the waters of the state (within three miles of the coast).

In addition, a tax is imposed on the first commercial possession of food fish in Washington State. The tax is imposed on the first possession related to buying, selling, bartering, or processing and is imposed on the value of the fish when first landed. The rates vary from .07 percent on oysters to 5.35 percent on chinook, coho, and chum salmon and anadromous game fish. Persons liable for the tax who are in possession of the fish may deduct an amount equal to 50 percent of the tax from the price paid for the fish. This enables the fish buyer (retailer) to shift 50 percent of the tax to the commercial fisher (wholesaler).

**SUMMARY:**

The initial wholesale or retail sale in this state of fish caught outside the waters of the state by the person who caught the fish is exempt from the state business and

occupation tax. The exemption only applies to the sale of unprocessed fish and fish eggs.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available

**TESTIMONY FOR:**

There are multiple taxes on fish that put fishers selling in Washington at a commercial disadvantage. Washington fish companies are in competition with Oregon fish companies. The B&O tax is a disincentive to sell to Washington fish processors.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Senator Sid Snyder, sponsor (pro); Ernie Summers, Washington Dungeness Crab Fishery Assn (pro); Gary Mueller, Washington Trollers Assn (pro)