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**Agriculture & Natural Resources  
Committee**

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**HB 1597**

**Brief Description:** Increasing revenue to the state wildlife account by increasing commercial fishing license fees and streamlining wholesale fish dealing, buying, and selling requirements.

**Sponsors:** Representatives Blake, Kretz and Doglio; by request of Department of Fish and Wildlife.

**Brief Summary of Bill**

- Adjusts license and endorsement fees for commercial fisheries, wholesale fish buyers, and fish dealers.
- Establishes a crewmember license with an associated fee.
- Redirects fee and tax revenue from the sales of commercial fishing licenses and endorsements to the Wildlife Account rather than the state general fund.
- Eliminates license for fisheries that no longer occur.

**Hearing Date:** 2/1/17

**Staff:** Rebecca Lewis (786-7339).

**Background:**

Commercial Fishing Licenses.

The Department of Fish and Wildlife (DFW) manages the commercial harvest of food fish, shellfish, and salmon. Commercial fishers, and fish buyers and sellers, must obtain applicable licenses from the DFW. In general, commercial fishing license fees are structured by species and fishing technique, and there is a resident and nonresident fee for each license type.

*Fish Selling and Dealing Licenses.*

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

There are several categories of fish buyers and sellers which include:

- An anadromous game fish buyer is a person who purchases or sells steelhead trout or any other anadromous fish species harvested by Indian fishers lawfully fishing in accordance with their federal fishing rights and under conditions prescribed by the director of the DFW. An anadromous game fish buyer license is \$180, which does not include a \$105 application fee.
- A fish buyer is a wholesale fish dealer or retail seller who directly receives fish or shellfish from a commercial fisher or through interstate or foreign commerce. A fish buyer license costs \$95, which does not include a \$105 application fee.
- A fish broker is a person who facilitates the sale of fish and shellfish by bringing the seller and purchaser of the fish together.
- A wholesale fish dealer or broker is a person who takes ownership of fish or shellfish caught in Washington or entered into the state in interstate or foreign commerce and sells, barter, or exchanges, or attempts to sell, barter, or exchange that fish or shellfish.

A commercial fisher may sell their commercially harvested retail-eligible catch directly to a consumer. To do so, the fisher must purchase a direct retail endorsement. The cost of the direct retail endorsement may not exceed the administrative costs to the DFW for issuing an endorsement. Retail-eligible fish are salmon, crab, and sturgeon.

#### *Performance Bond.*

A wholesale fish dealer must deposit a performance bond with the DFW of \$1,000 per buyer engaged by the wholesale, before engaging in fish buying or selling activities. The bond may not be less than \$2,000 or more than \$50,000.

#### *Secondary Fish Receivers.*

A secondary fish receiver is a person who sells fish or shellfish at retail, stores fish or shellfish, ships fish or shellfish, or serves as a broker for transactions involving fish or shellfish. To conduct these business transactions lawfully, a secondary fish receiver must maintain certain records. The records include identifying information for the person who provided the fish or shellfish, the unique tracking number relating to the fish or shellfish, and information relating to the date of purchase and the quantity and species purchased. These records must be kept at the location where the fish or shellfish are being sold or held or at the principal place of business of the shipper or broker. A wholesale fish dealer acting in the capacity of a dealer (rather than a broker), a fisher selling with a direct retail endorsement, and a registered aquatic farmer are not required to maintain such records.

#### License Fees and Taxes.

Most fees and taxes collected on commercial fishing licenses are deposited into the state general fund. The DFW may assess a 10 percent transaction fee on licenses purchased through the DFW's automated licensing system.

An enhanced food fish tax (or landing tax) is collected on: certain food fish, shellfish, and anadromous game fish, including byproducts and parts, caught in Washington territorial and adjacent waters; salmon caught in the territorial and adjacent waters of Oregon, Washington, and British Columbia; and Troll-caught Chinook salmon caught in territorial and adjacent waters of southeast Alaska. The tax rate is the value of the enhanced food fish at the point of landing. A fish is considered "landed" when they are placed on a tender in the territorial waters of

Washington, or when they are brought to land, which includes wharves, piers, or other such extensions. The landing tax rate for Chinook, Coho, and chum salmon, and anadromous game fish is 5.25 percent.

An enhanced food fish excise tax of 4.6 percent was collected on all sea urchin and sea cucumber licenses until December 31, 2013 or until license numbers are reduced to 20 licenses whichever comes first. A portion of the tax was deposited into the Sea Cucumber and Sea Urchin Dive Fishery accounts. After that time the tax rate reduced to 2.1 percent and was directed to the State Wildlife Account.

### **Summary of Bill:**

#### Commercial Fishing Licenses.

##### *Fish Selling and Dealing Licenses.*

Changes are made to recognize the multiple types of licenses for fish dealers and sellers.

A "fish broker" is a person who facilitates the sale or purchase of raw or frozen fish or shellfish on commission without assuming title to the fish or shellfish.

A "fish dealer" is a person who engages in the wholesale selling, buying, or brokering of raw or frozen fish or shellfish or takes possession of fish or shellfish, in whole or parts, for canning or processing, or to manufacture or prepare commercial fertilizer, fish bait, oil, or any other by-products from fish or shellfish.

Definitions of "fish buyer" and "anadromous fish buyer" are merged into the definition of "wholesale fish buyer." A wholesale fish buyer is a person who takes first possession or ownership of fish or shellfish directly from a commercial fisher or interstate or foreign commerce, or who engages in wholesale buying or selling of fish or shellfish harvested by Indian fishers lawfully exercising fishing rights. A provision requiring wholesale fish dealers to display licenses on premises at their business is repealed. A wholesale fish buyer's endorsement costs \$275, which includes a \$105 application fee.

A "limited fish seller" is a licensed commercial fisher who sells their commercially harvested catch at retail directly to consumers. The definition of "retail-eligible species" is removed. A limited fish seller may designate an alternate to sell under their endorsement. The direct retail endorsement is deleted and provisions related to the issuance of direct retail endorsements are repealed.

##### *Secondary fish receivers.*

Wholesale fish buyers, limited fish sellers, and registered aquatic farmers must maintain records required for secondary commercial fish receivers except for fish or shellfish they have documented on fish tickets or aquatic farm reports.

The Fish and Wildlife enforcement code and various other provisions are updated to account for the streamlining of fish dealing license definitions.

##### *Performance Bond.*

Both a wholesale fish buyer and limited fish seller must deposit a performance bond with the department. The bond for a wholesale fish buyer is two thousand dollars, plus one thousand dollars per additional buyer engaged by the wholesale. The bond for limited fish sellers is one thousand dollars. The department may increase the bond for a person who have violated commercial harvest accounting rules.

*Crewmember licenses.*

Crew members over the age of 16 who participate in the operation of the vessel or harvest must hold a crewmember license. An annual crewmember license is \$90 and is valid for one calendar year. The fee for a five consecutive day crewmember license is \$25. Licenses must be available through the automated licensing program. Transaction and dealer fees apply to both. Immediate family members, including spouses, children, or grandchildren, of a person who holds a crewmember license are exempt from the licensing requirement.

*Commercial Fishing Licenses.*

Resident and nonresident commercial fishing license fees are aligned. The fee changes, not including application fees or surcharges (which are unchanged from current law) are as follows:

License Type	Current Fee - Resident	Current Fee - Non-resident	New Fee
<i>Charter Vessel</i>			
Non-Salmon Charter	\$225	\$375	\$295
Salmon Charter	\$380	\$685	\$460
Salmon Angler	\$0	\$0	\$0
<i>Salmon Fisheries</i>			
Salmon Gill Net - Grays Harbor - Columbia River	\$380	\$685	\$380
Salmon Gill Net - Puget Sound	\$380	\$685	\$545
Salmon Gill Net - Willapa Bay-Columbia River	\$380	\$685	\$380
Salmon Purse Seine	\$530	\$985	\$545
Salmon Reef Net	\$380	\$685	\$545
Salmon Troll	\$380	\$685	\$495
<i>Food Fish (Does not include Salmon)</i>			
Baitfish Lampara	\$185	\$295	\$295
Baitfish purse seine	\$530	\$985	\$530
Bottom fish jig, pot, and troll	\$130	\$185	\$130
Carp	\$130	\$185	\$185
Columbia River Smelt	\$380	\$685	\$380
Emerging Commercial Fishery	\$295	\$185	\$295
Food fish drag seine and set line	\$130	\$185	\$185
Herring	\$175	\$275	\$275
Sardine purse seine and temporary purse seine	\$185	\$295	\$295

Smelt dip bag net	\$130	\$185	\$130
Smelt gill net	\$380	\$685	\$380
Whiting - Puget Sound	\$295	\$520	\$295
<i>Personal Licenses</i>			
Alternate Operator	\$35	\$35	\$135
Geoduck Diver	\$185	\$295	\$330
Food Fish Guide	\$130	\$630	\$390
<i>Shellfish Licenses</i>			
Burrowing Shrimp	\$185	\$295	\$185
Crab Ring Net-Puget Sound	\$130	\$185	\$130
Dungeness Crab - Coastal	\$295	\$520	\$295
Dungeness Crab - Puget Sound	\$130	\$185	\$185
Emerging commercial fishery	\$185	\$295	\$295
Geoduck	\$0	\$0	\$30
Hardshell Clam	\$530	\$985	\$530
Oyster reserve	\$130	\$185	\$185
Razor Clam	\$130	\$185	\$130
Sea Cucumber and Sea Urchin Dive	\$130	\$185	\$295
Shellfish pot and dive	\$130	\$185	\$185
Puget sound shrimp pot	\$185	\$295	\$295
Puget Sound Shrimp Trawl and Coastal Spot shrimp	\$185	\$295	\$295
Squid	\$185	\$295	\$295

Licenses for the following fisheries that no longer occur are eliminated:

- Dog fish net;
- Food fish trawl;
- Non-Puget Sound shrimp trawl;
- Crab ring net - non-Puget Sound; and
- Dungeness crab coastal class B.

Various provisions are updated to account for the elimination of these licenses.

License Fees and Taxes.

License fees and taxes collected on license sales are redirected from the state general fund to the State Wildlife Account. Outdated language pertaining to the reduction of the excise tax on sea cucumber and sea urchin license sales is deleted. Excise tax revenue is directed to the State Wildlife Account. The provision requiring license revenues to be deposited in the state general fund is repealed.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.