

Chapter 5

Enhanced Food Fish

82.27.010(1) - Tuna, mackerel & jack

Description Tuna, mackerel and jack fish are exempt from the enhanced food fish tax.

Purpose The enhanced food fish tax helps support continued production of game fish in the state. State fish hatchery programs do not raise tuna, mackerel and jack fish and these fish are exempt from the tax.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.502	\$0.502	\$0.502	\$0.502
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.460	\$0.502	\$0.502
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- Revenues will be the same each year due to the volatility of fish harvests.
- July 1, 2020 effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources National Oceanic and Atmospheric Administration

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1995
Primary Beneficiaries:	Tuna, mackerel, and jack fish harvesters
Taxpayer Count:	200
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2014

82.27.020(2) - Deduction of one-half of fish tax

Description The enhanced food fish tax is due on the first commercial possession in Washington of qualified fish based upon fair market value. A deduction is allowed from the purchase price paid for fish subject to the enhanced food fish tax equal to one half the tax rate based upon the purchase price paid by the purchaser.

Purpose To promote the commercial enhanced food fish industry in Washington.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption Repealing this exemption would not increase revenues, but would increase the cost to consumers.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- Deduction does not reduce fish tax liability.
- Allows the purchaser to share one half of the liability with the person who caught the fish.

Data Sources Not applicable

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	1980
Primary Beneficiaries:	Fish tax taxpayers
Taxpayer Count:	175
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.27.020(4) - Fish tax differential rates

Description The tax on enhanced food fish tax (including a 7 percent surtax) has different rates depending on the species of fish or shellfish, and where the fish are caught:

- Puget Sound Chinook, Coho and chum salmon and anadromous game fish, 5.62 percent;
- Ocean Waters, Columbia River, Willapa Bay, and Grays Harbor Chinook, Coho, chum salmon and anadromous game fish, 6.69 percent;
- Pink and sockeye salmon, 3.37 percent;
- Sea urchins and sea cucumbers, 2.25 percent;
- Oysters, 0.09 percent; and
- All other food fish and shellfish, 2.25 percent.

Purpose Reflects market conditions for various types of fish.

Taxpayer savings

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$5.130	\$5.130	\$5.130	\$5.130
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing the preferential rates would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$4.703	\$5.130	\$5.130
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- Estimate increases all lower tax rates up to 6.69 percent.
- Fish tax amounts will be the same each year due to the volatility of this tax.
- Effective July 1, 2020, with 11 months of cash collections in Fiscal Year 2021.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1980
Primary Beneficiaries:	Certain fish and shellfish harvesters
Taxpayer Count:	165
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

82.27.030(1,3) - Imported frozen or packaged fish

Description Enhanced food fish tax exemptions are provided for:

- Enhanced food fish originating outside of Washington that enters the state either frozen or packaged for retail sale; and
- Food fish, shellfish, anadromous game fish, and by-products or parts of food fish shipped from outside of the state into Washington.

Purpose The tax is not intended to apply to fish that are originally landed in another state or are packaged and processed for retail sale outside the state.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$6.968	\$6.968	\$6.968	\$6.968
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption Repealing this exemption would increase revenues. However, eliminating the exemption might trigger a Commerce Clause or Import-Export Clause challenge.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$6.387	\$6.968	\$6.968
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- Revenues will remain the same each year due to volatility in fish tax collections.
- Eleven months of cash collections impact for Fiscal Year 2021 due to the July 1, 2022 effective date.

Data Sources

- Department of Revenue excise tax data
- Michigan State University
<https://globaledge.msu.edu/states/washington/tradestats>

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	1980
Primary Beneficiaries:	Fish processors, wholesalers, or retailers
Taxpayer Count:	470
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2011

82.27.030(2) - Commercially grown fish & shellfish

Description There is an enhanced food fish tax exemption for food fish and shellfish raised from eggs and grown by agricultural methods.

Purpose The tax is not intended to apply to commercially produced fish and shellfish.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$1.315	\$1.315	\$1.315	\$1.315
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$1.206	\$1.315	\$1.315
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- Atlantic salmon no longer raised through agricultural methods in Washington State.
- No forecasted growth in revenues due to the volatile nature of fish tax collections.
- Effective July 1, 2020, with 11 months of cash collections in Fiscal Year 2021.

Data Sources

- Department of Revenue excise tax data
- University of Washington <https://wsg.washington.edu/wordpress/wp-content/uploads/Shellfish-Aquaculture-Washington-State.pdf>
- National Oceanic and Atmospheric Administration https://www.nass.usda.gov/Publications/AgCensus/2012/Online_Resources/Aquaculture/aqua_1_013_013.pdf

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	1980
Primary Beneficiaries:	Fish farms
Taxpayer Count:	100
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

82.27.040 - Taxes paid in other states

Description An enhanced food fish tax credit is allowed for any fish tax previously paid on that same enhanced food fish to any other legally established taxing authority.

Purpose To eliminate double taxation on the same fish.

Taxpayer savings

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.330	\$0.330	\$0.330	\$0.330
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.302	\$0.330	\$0.330
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- No forecasted growth in revenues due to volatile nature of fish tax collections.
- Eleven months of cash collections impact Fiscal Year 2021 due to a July 1, 2020, effective date.

Data Sources

Department or Revenue excise tax data

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	1980
Primary Beneficiaries:	Fish harvesters
Taxpayer Count:	31
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2011