

## BUSINESS TAXES

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### OTHER BUSINESS TAXES - ENHANCED FOOD FISH TAX

#### **82.27.010 TUNA, MACKEREL & JACK FISH**

Description: Exemption from the enhanced food fish tax is allowed for tuna, mackerel and jack fish.

Purpose: To reflect economic conditions facing fishers of tuna, mackerel and jack fish.

Category/Year Enacted: Other business. 1995

Primary Beneficiaries: Fishers of tuna, mackerel and jack fish.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State tax	\$ 30	\$ 30	\$ 30	\$ 30
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes.

#### **82.27.020 DIFFERENTIAL FISH TAX RATES**

Description: The tax on enhanced food fish consists of five different tax rates (including surtax): (1) chinook, coho and chum salmon and steelhead, 5.62 percent; (2) pink and sockeye salmon, 3.37 percent; (3) oysters, 0.09 percent; (4) sea urchins and cucumbers, 4.922 percent through 2005 and 2.247 percent starting in 2006; and (5) all other food fish and shellfish, 2.247 percent.

Purpose: To reflect market conditions for the various types of fish.

Category/Year Enacted: Other business. 1980

Primary Beneficiaries: Fishers of the species that are subject to the lower tax rates.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)*</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State tax	\$ 1,881	\$ 1,881	\$ 1,881	\$ 1,881
Local taxes - none.				

\*The estimate is based on increasing all lower tax rates to 5.62 percent.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes, although this would represent a very large increase in tax for the lower rate categories.

## BUSINESS TAXES

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### 82.27.030(1) IMPORTED FROZEN OR PACKAGED FISH

Description: Enhanced food fish which are shipped into the state already frozen or packaged for retail sale are exempt from the tax.

Purpose: The tax is not intended to apply to fish that are processed outside the state.

Category/Year Enacted: Tax base. 1980

Primary Beneficiaries: Importers of frozen or packaged fish.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State tax	\$ 123	\$ 123	\$ 123	\$ 123
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? No.

### 82.27.030(2) COMMERCIALLY GROWN FISH & SHELLFISH

Description: Food fish that are raised from eggs and shellfish grown by agricultural methods are exempt from fish tax.

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

Category/Year Enacted: Tax base. 1980; extended to shellfish in 1995.

Primary Beneficiaries: Commercial producers of food fish and shellfish.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State tax	\$ 135	\$ 135	\$ 140	\$ 140
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? No.

## BUSINESS TAXES

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### 82.27.030(3) IMPORTED FISH

Description: Food fish/shellfish that are shipped from outside the state are exempt from the fish tax.

Purpose: The tax is intended to apply to food fish/shellfish caught in Washington waters. Most of the imported fish are already frozen or ready for retail sale and therefore exempt under RCW 82.27.030(1).

Category/Year Enacted: Tax base. 1980

Primary Beneficiaries: Importers of food fish and shellfish.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State tax	\$ 10	\$ 10	\$ 10	\$ 10
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? No.

### 82.27.040 CREDIT FOR OTHER STATES' FISH TAXES

Description: A credit is allowed against the enhanced food fish tax for any tax previously paid on the same fish to any other taxing jurisdiction.

Purpose: To avoid double taxation of the same product under the same type of tax.

Category/Year Enacted: Tax base. 1980

Primary Beneficiaries: The number of taxpayers who claim this credit varies widely among reporting periods due to seasonal fluctuations in this industry.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State tax	\$ 222	\$ 222	\$ 222	\$ 222
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? No.