

Chapter 6

Enhanced Food Fish Tax

82.27.010(1) - Tuna, mackerel, and jack

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

Purpose The enhanced food fish tax helps support the continued production of fish species through state hatchery programs. State hatchery programs do not support the production of tuna, mackerel, and jack fish, so they are exempt from the tax.

Taxpayer savings *(\$ in millions):*

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|-------------|---------|---------|---------|---------|
| State Taxes | \$0.353 | \$0.353 | \$0.353 | \$0.353 |
| 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 2024 | FY 2025 | FY 2026 | FY 2027 |
|-------------|---------|---------|---------|---------|
| State Taxes | \$0.000 | \$0.324 | \$0.353 | \$0.353 |
| Local Taxes | \$0.000 | \$0.000 | \$0.000 | \$0.000 |

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Mackerel and jack landings in Washington are minimal to none.
- There is no forecasted revenue growth due to the volatile nature of enhanced food fish tax collections.

Data Sources

- National Oceanic and Atmospheric Administration, Landing data
- Washington Department of Fish & Wildlife, Landing data

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: | Expedited review completed in 2022 |

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

Description A licensed dealer who purchases enhanced food fish from a commercial fisher pays a fish tax. The licensed dealer may deduct an amount equal to one-half of the fish tax from the price they pay to the commercial fisher.

Purpose To promote the commercial fish industry in Washington.

Taxpayer savings

(\$ in millions):

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|-------------|---------|---------|---------|---------|
| 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 deduction would not increase revenues but would increase the cost to consumers.

Potential revenue gains from full repeal

(\$ in millions):

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|-------------|---------|---------|---------|---------|
| State Taxes | \$0.000 | \$0.000 | \$0.000 | \$0.000 |
| Local Taxes | \$0.000 | \$0.000 | \$0.000 | \$0.000 |

Assumptions

This deduction does not reduce the amount of fish tax due. The licensed dealer can share the amount due with the commercial fisher.

Data Sources

Department of Revenue, Excise tax data

Additional Information

| Additional Information | |
|-------------------------------|--|
| Category: | Tax base |
| Year Enacted: | 1980 |
| Primary Beneficiaries: | Businesses paying enhanced food fish tax |
| Taxpayer Count: | 148 |
| Program Inconsistency: | None evident |
| JLARC Review: | No review completed |

82.27.020(4) - Fish tax differential rates

Description Businesses paying the enhanced food fish tax (including a 7% surtax) may pay a preferential tax rate depending on the species of fish or shellfish and the location of the catch:

- Puget Sound chinook, coho and chum salmon, and anadromous game fish, 5.62%.
- Ocean waters, Columbia River, Willapa Bay, and Grays Harbor, chinook, coho, and chum salmon and anadromous game fish, 6.69%.
- Pink and sockeye salmon, 3.37%.
- Sea urchins and sea cucumbers, 2.25%.
- Oysters, 0.09%.
- All other food fish and shellfish, 2.25%.

Purpose Reflects market conditions for various types of fish.

Taxpayer savings

(\$ in millions):

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|-------------|---------|---------|---------|---------|
| State Taxes | \$7.129 | \$7.129 | \$7.129 | \$7.129 |
| 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 2024 | FY 2025 | FY 2026 | FY 2027 |
|-------------|---------|---------|---------|---------|
| State Taxes | \$0.000 | \$6.535 | \$7.129 | \$7.129 |
| Local Taxes | \$0.000 | \$0.000 | \$0.000 | \$0.000 |

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- This estimate eliminates the preferential tax rate by increasing all lower tax rates to 6.69%.
- There is no growth reflected due to the volatility of the industry.

Data Sources

- Department of Revenue, Excise tax data

82.27.020(4) - Fish tax differential rates

**Additional
Information**

| Additional Information | |
|-------------------------------|---------------------------------------|
| Category: | Business |
| Year Enacted: | 1980 |
| Primary Beneficiaries: | Certain fish and shellfish harvesters |
| Taxpayer Count: | 148 |
| Program Inconsistency: | None evident |
| JLARC Review: | Expedited review completed in 2022 |

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

Description There is an enhanced food fish tax exemption for:

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

Purpose Fish first landed or packaged and processed for retail sale outside Washington are not subject to the enhanced food fish tax.

Taxpayer savings

(\$ in millions):

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|-------------|---------|---------|---------|---------|
| State Taxes | \$6.285 | \$6.285 | \$6.285 | \$6.285 |
| Local Taxes | \$0.000 | \$0.000 | \$0.000 | \$0.000 |

Repeal of exemption

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

Potential revenue gains from full repeal

(\$ in millions):

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|-------------|---------|---------|---------|---------|
| State Taxes | \$0.000 | \$5.761 | \$6.285 | \$6.285 |
| Local Taxes | \$0.000 | \$0.000 | \$0.000 | \$0.000 |

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- No growth is reflected in this estimate due to the industry's volatility.

Data Sources

- Department of Revenue, Excise tax data
- National Oceanic and Atmospheric Administration, Fishery imports

Additional Information

| Additional Information | |
|-------------------------------|---|
| Category: | Tax base |
| Year Enacted: | 1980 |
| Primary Beneficiaries: | Fish processors, wholesalers, and retailers |
| Taxpayer Count: | 458 |
| Program Inconsistency: | None evident |
| JLARC Review: | Expedited review completed in 2022 |

82.27.030(2) - Commercially grown fish & shellfish

Description Growing, processing, or dealing with food fish and shellfish raised from eggs, fry, or larvae by agricultural methods in Washington is exempt from enhanced food fish tax.

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

Taxpayer savings

(\$ in millions):

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|-------------|---------|---------|---------|---------|
| State Taxes | \$1.529 | \$1.529 | \$1.529 | \$1.529 |
| 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 2024 | FY 2025 | FY 2026 | FY 2027 |
|-------------|---------|---------|---------|---------|
| State Taxes | \$0.000 | \$1.402 | \$1.529 | \$1.529 |
| Local Taxes | \$0.000 | \$0.000 | \$0.000 | \$0.000 |

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- A growth rate was not applied due to the volatile nature of enhanced food fish tax collections.

Data Sources

- Department of Revenue, Excise tax data
- University of Washington, Sea Grant Washington, Shellfish harvest value

Additional Information

| Additional Information | |
|-------------------------------|------------------------------------|
| Category: | Tax base |
| Year Enacted: | 1980 |
| Primary Beneficiaries: | Fish farms |
| Taxpayer Count: | 85 |
| Program Inconsistency: | None evident |
| JLARC Review: | Expedited review completed in 2022 |

82.27.040 - Taxes paid in other states

Description A credit is allowed against the amount of enhanced food fish tax owed for any tax previously paid on the same food fish to any legally established taxing authority.

Purpose To eliminate double taxation on the same food fish.

Taxpayer savings

(\$ in millions):

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|-------------|---------|---------|---------|---------|
| State Taxes | \$0.198 | \$0.198 | \$0.198 | \$0.198 |
| Local Taxes | \$0.000 | \$0.000 | \$0.000 | \$0.000 |

Repeal of exemption

Repealing this credit would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|-------------|---------|---------|---------|---------|
| State Taxes | \$0.000 | \$0.182 | \$0.198 | \$0.198 |
| Local Taxes | \$0.000 | \$0.000 | \$0.000 | \$0.000 |

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- There is no forecasted revenue growth due to the volatile nature of enhanced food fish tax collections.

Data Sources

- Department of Revenue, Excise tax data

Additional Information

| Additional Information | |
|-------------------------------|------------------------------------|
| Category: | Tax base |
| Year Enacted: | 1980 |
| Primary Beneficiaries: | Fish harvesters |
| Taxpayer Count: | 20 |
| Program Inconsistency: | None evident |
| JLARC Review: | Expedited review completed in 2022 |