

# SENATE BILL REPORT

## SB 5453

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As of February 4, 2011

**Title:** An act relating to investing in the economy of the state of Washington by creating a mechanism to enhance the production of Pacific salmon in waters located east of Cape Flattery and subject to the agreements made by the state government, the federal government, and tribal governments relating to the cooperative management of the resource.

**Brief Description:** Enhancing the production of Pacific salmon.

**Sponsors:** Senators Fraser, Swecker, Regala, Morton, Rockefeller, Hargrove, Ranker, Sheldon and Shin.

**Brief History:**

**Committee Activity:** Natural Resources & Marine Waters: 2/03/11.

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### SENATE COMMITTEE ON NATURAL RESOURCES & MARINE WATERS

**Staff:** Curt Gavigan (786-7437)

**Background:** Enhanced Food Fish Tax. The state's enhanced food fish tax applies to the first commercial possession by an owner of specified species within the state. The tax is measured by the value of the fish when landed. The tax is levied by the state and administered by the Department of Revenue. Receipts for most species are deposited in the state General Fund.

Role of the Department of Fish and Wildlife (DFW). DFW serves as manager of the state's fish and wildlife resources. Among other duties, DFW must protect and manage fish and wildlife, including establishing the time, place, manner, and methods used to harvest or enjoy fish and wildlife.

DFW currently operates 87 hatchery facilities, of which about 75 percent produce salmon or steelhead.

Prohibition on the Release and Recapture of Salmon and Steelhead. Generally, private entities may not release salmon or steelhead into state waters for subsequent recapture and commercial harvest.

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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.*

**Summary of Bill:** Creates the Puget Sound Salmon Enhancement Assessment. In addition to the existing enhanced food fish tax, an assessment is imposed for all salmon caught in Puget Sound under a commercial license issued by DFW. The assessment equals 5 percent of the value of salmon at the point of landing. Revenue from the assessment must be deposited in the Salmon Enhancement Assessment dedicated account.

If a harvester sells to a licensed fish buyer, each must contribute half of the assessment. However, the fish buyer is responsible for assessment collection. If a harvester sells the fish outside of Washington or to an unlicensed fish buyer, the harvester is responsible for the entire assessment.

Provides Assessment Revenue to a Qualifying Organization for Salmon Enhancement Purposes. DFW, through the Director, must identify a qualifying organization to partner with DFW to (1) enhance harvest opportunities; and (2) undertake salmon enhancement projects. Once selected, DFW must provide all revenue from the assessment to the organization as a non-competitive grant. The organization must use these funds for salmon enhancement projects, which may include hatchery operations and other projects designed to increase salmon production.

In order to partner with DFW, an organization must:

- be an existing private non-profit corporation;
- have salmon enhancement activities as an organizational mission; and
- be able to demonstrate that a majority of its Board of Directors are individuals who must pay the assessment.

Authorizes the Release and Recapture of Salmon and Steelhead by the Qualifying Organization. A qualifying organization may operate a salmon hatchery and release salmon for subsequent recapture and commercial harvest, under the authority of DFW.

Terms are defined.

**Appropriation:** None.

**Fiscal Note:** Available.

[OFM requested ten-year cost projection pursuant to I-960.]

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This proposal is the industry's response to the Legislature's call for the development of public-private partnerships to sustain the state's hatchery system. Fishing is a vital part of the state's economy, and salmon is the backbone of the industry. The state's hatcheries are in grave risk due to the state's budget shortfalls. Harvesters and processors will assess themselves to provide salmon enhancement, which will benefit all. DFW would retain its oversight role over the projects. This model has proven successful in Alaska since 1977.

CON: The bulk of fisherman who would pay this assessment would have no voice in how the funds are used. Although fish buyers would pay part of the assessment, they would pass along the cost by offering less to harvesters for the fish. A 5 percent assessment on the value of salmon is a large sum, that will impact fishers. There are existing programs that already provide opportunities for salmon enhancement.

OTHER: While supportive of the program, the proposal raises concerns surrounding mandatory assessments and a single entity controlling use of all assessment funds. DFW has concerns about this proposal about accountability for use of assessment funds, but feels that programs like the Puget Sound Recreational Fisheries Enhancement Program could be a model.

**Persons Testifying:** PRO: Daniel Luzzo, Paul Tuoko, Steve Robinson, Randy Babich, Jim Kyle, Puget Sound Salmon Enhancement & Harvest Assn.; Shannon Moore, Puget Sound gillnet fisherman.

CON: Ray Honea, Puget Sound Harvesters; David Harsilla, Puget Sound Salmon Commission; Ed Owens, Coalition of Coastal Fisheries.

OTHER: Patrick Burns, Trident Seafoods; Heather Bartlett, Department of Fish and Wildlife.