

HOUSE BILL REPORT

HB 2626

As Reported by House Committee On:
Agriculture & Natural Resources
Appropriations

Title: An act relating to increasing commercial fishing license fees for nonresidents.

Brief Description: Increasing commercial fishing license fees for nonresidents.

Sponsors: Representatives Blake, Griffey, Wilcox, Condotta, Tharinger, Nealey, Pike, Chapman, Wylie, Tarleton and Steele; by request of Department of Fish and Wildlife.

Brief History:

Committee Activity:

Agriculture & Natural Resources: 1/17/18, 1/24/18 [DP];

Appropriations: 2/3/18, 2/5/18 [DP].

Brief Summary of Bill

- Increases fees for nonresident commercial fishing; buying, selling, and dealing; delivery; and guide licenses and endorsements.
- Reduces resident fees for game fish and food fish guide licenses.

HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

Majority Report: Do pass. Signed by 13 members: Representatives Blake, Chair; Chapman, Vice Chair; Buys, Ranking Minority Member; Dent, Assistant Ranking Minority Member; Fitzgibbon, Lytton, Orcutt, Pettigrew, Robinson, Schmick, Springer, Stanford and Walsh.

Staff: Rebecca Lewis (786-7339).

Background:

The Washington Department of Fish and Wildlife (WDFW) manages the commercial fish harvest of food fish, shellfish, and salmon. Commercial fishers and crewmembers, buyers and sellers, and fishing guides must obtain applicable licenses from the WDFW. Additionally, delivery licenses are required to deliver salmon and shrimp commercially

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harvested in offshore waters to a port in Washington. In general, commercial fishing license fees are structured by species and fishing technique. There is a resident and nonresident fee set in statute for each license type and various application fees and surcharges depending on the license.

There are several categories of commercial fish buyers and sellers:

- A "fish broker" 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" 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 byproducts from fish or shellfish.
- A "wholesale fish buyer" takes first possession or ownership of fish or shellfish directly from a commercial fisher or from interstate or foreign commerce, or engages in wholesale buying or selling of fish or shellfish harvested by Indian fishers lawfully exercising fishing rights.
- A "limited fish seller" is a licensed commercial fisher who sells their commercially harvested catch at retail directly to consumers. A limited fish seller may designate an alternate to sell under his or her endorsement.

Summary of Bill:

Nonresident fees for commercial fishing; buying and dealing; and delivery licenses, and the limited fish seller endorsement, are increased. Crewmember license fees are not changed. The increases result in a fee differential of \$385 between each resident and nonresident license. Some examples are as follows:

License/Endorsement type	Nonresident fee (current)	Nonresident fee (House Bill 2626)
Fish Dealer	\$475	\$785
Geoduck Diver	\$410	\$740
Ocean Pink Shrimp Delivery	\$375	\$685
Limited Fish Seller	\$145	\$455

Additionally, resident fees for fishing guide licenses are reduced. The resident food fish guide license is decreased from \$280 to \$210, and the nonresident fee is increased from \$355 to \$595. The resident game fish guide license is decreased from \$410 to \$305, and the nonresident fee is increased from \$485 to \$690. These changes also result in a \$385 fee differential between resident and nonresident fees.

All application fees and surcharges remain the same.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on January 1, 2019.

Staff Summary of Public Testimony:

(In support) This bill follows an agency request bill from last session, House Bill (HB) 1597 which made various changes to commercial fishing licenses fees. The industry wanted to help address the WDFW's revenue needs. There was a court case in California which clarified what the differential for resident and nonresident fees may be. Under HB 1597, resident and nonresident fees would have been the same price, in response to the case out of California. The Ninth Circuit Court of Appeals reversed the decision and provided a formula that may be used to set different fees for residents and nonresidents. The WDFW applied that formula and determined that the state could establish a \$385 fee differential instead of the \$75 fee differential from last year's bill. The industry agrees with the WDFW that the fees can be tweaked. There could be one additional amendment to align crewmember license language with Oregon's crewmember license provision if consensus is reached and it fits within the scope of the bill.

The WDFW heard concern from the fishing guide industry over the interim that the increase for resident food fish and game fish guides from a bill last year was higher than anticipated. There is interest in lowering the resident fee.

(Opposed) None.

Persons Testifying: Representative Blake, prime sponsor; Nate Pamplin, Department of Fish and Wildlife; and Tom Echols, Coalition of Coastal Fisheries.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 23 members: Representatives Ormsby, Chair; Robinson, Vice Chair; MacEwen, Assistant Ranking Minority Member; Bergquist, Buys, Caldier, Cody, Fitzgibbon, Hansen, Hudgins, Jinkins, Kagi, Lytton, Pettigrew, Pollet, Sawyer, Schmick, Senn, Springer, Stanford, Sullivan, Tharinger and Wilcox.

Minority Report: Do not pass. Signed by 8 members: Representatives Chandler, Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Condotta, Graves, Harris, Manweller, Taylor and Vick.

Minority Report: Without recommendation. Signed by 1 member: Representative Haler.

Staff: Dan Jones.

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Agriculture & Natural Resources:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on January 1, 2019.

Staff Summary of Public Testimony:

(In support) Last year, Engrossed Substitute House Bill 1597 made changes to commercial fishing license fees to generate revenue to support the Department of Fish and Wildlife's (DFW) ability to manage the state's commercial fisheries. Last year's bill set nonresident rates at \$75 more than resident rates. A recent federal court decision contains a model to use to set fee differentials between resident and nonresident rates. The model takes into account the cost to manage fisheries and taxes paid by nonresidents into the State General Fund. This bill uses the court-approved model which results in a \$385 fee differential between resident and nonresident license fees. Resident fish guide fees were increased disproportionately in last year's bill. The DFW provides a discount to guides that purchase both a combination food fish and game fish guide license, and that would reduce the revenue gain in the current fiscal note.

(Opposed) None.

(Other) There are commercial fishers who pay higher nonresident fees to fish in Alaska and support the bill. People who both buy and sell fish have to purchase two licenses and file a \$2,000 bond. In the past, buyers and wholesalers only needed one license. There should be regulatory certainty for the community of buyers and wholesalers. While there would be an impact to the General Fund, it would be important for economic development in rural Washington.

Persons Testifying: (In support) Nate Pamplin, Department of Fish and Wildlife.

(Other) Mary Catherine McAleer, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: None.