

HOUSE BILL REPORT

SHB 1127

As Amended by the Senate

Title: An act relating to the selling of commercially harvested fish.

Brief Description: Concerning the direct retail sale of salmon, crab, and sturgeon.

Sponsors: By House Committee on Fisheries, Ecology & Parks (originally sponsored by Representatives Hatfield, Buck, Cooper, Blake, Pearson and Berkey).

Brief History:

Committee Activity:

Fisheries, Ecology & Parks: 1/31/03, 2/20/03 [DPS].

Floor Activity:

Passed House: 3/3/03, 97-0.

Senate Amended.

Passed Senate: 4/11/03, 49-0.

Brief Summary of Substitute Bill

- Expands the Direct Retail Endorsement to allow for the retail sale of sturgeon.
- Allows the Department of Fish and Wildlife (Department) to issue a Direct Retail Endorsement at any time, not just at time of license renewal.
- Removes the requirement that retailed products have to be landed in the round.
- Authorizes the Fish and Wildlife Commission to require Direct Retail Endorsement holders to notify the Department up to 18 hours before conducting a sale, unless the cumulative retail value of the product sold from a vessel in a 24-hour period is less than \$150.
- Allows the holder of a Direct Retail Endorsement to sell his or her catch to a restaurant or other non-retail food service business.
- Directs the Enhanced Food Fish Excise Tax to be calculated from the comparable sales value of similar fish at the port of landing.

HOUSE COMMITTEE ON FISHERIES, ECOLOGY & PARKS

Majority Report: The substitute bill be substituted therefor and the substitute bill do

pass. Signed by 8 members: Representatives Cooper, Chair; Sump, Ranking Minority Member; Hinkle, Assistant Ranking Minority Member; Buck, Hatfield, O'Brien, Pearson and Upthegrove.

Staff: Jason Callahan (786-7117).

Background:

In 2002 the Legislature created the Direct Retail Endorsement as an optional add-on to a commercial salmon or crab license. Holders of a Direct Retail Endorsement are permitted to sell their salmon or crab catch directly to the retail market without first obtaining a wholesale dealer's license. Fishers opting for the endorsement are required to abide by all harvest requirements established by the Department of Fish and Wildlife (Department), and must land their catch in the round.

The holders of Direct Retail Endorsements are not required to obtain permits or licenses from each county in which they sell their catch. However, prior to being issued a Direct Retail Endorsement, the fisher must provide to the Department a signed letter from a county health department. The letter must indicate that the fisher has fulfilled all of the requirements related to that county's health rules and the statewide standards for food service operations. Before any sales can occur in a county that did not issue the required letter, the fisher must provide 48-hours notice and allow that county or a Department employee to inspect the sales operations.

Most commercially caught fish is subject to the Enhanced Food Fish Excise Tax. This tax is paid by the fisher and is calculated as a percentage of the value of the fish at the point of landing.

Summary of Substitute Bill:

The scope of the Direct Retail Endorsement is expanded so that commercial fishers may sell all retail-eligible species directly to the retail market and to restaurants. Retail-eligible species is defined to mean salmon, sturgeon, and crab. Commercially harvested retail-eligible species sold under a Direct Retail Endorsement are not required to be landed in the round.

The Fish and Wildlife Commission may require a fisher to notify the Department up to 18 hours prior to conducting a direct retail sale, unless the commutative sales from the fisher's vessel that day will total less than \$150. The Department is authorized to issue a Direct Retail Endorsement at any time, and not just at time of license renewal.

The Enhanced Food Fish Excise Tax is directed to be calculated from the comparable sales value of similar fish at the port of landing.

EFFECT OF SENATE AMENDMENT(S):

Removes "non-retail" from the description of the food service businesses to which the holders of direct retail endorsements are allowed to sell their product.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: (In support) The Legislature's creation of the Direct Retail Endorsement was a well-intended effort to give commercial fishers an alternative to the wholesale dealer's license, but some complications have arisen from its enactment. All proposals for amendment should be considered.

The drive for the retail sales concept is a response to the desperation faced in many fishing communities. Fishers should have the maximum flexibility in marketing their catch, which should include the ability to dress a fish to a customer's liking. In the one year since the Direct Retail Endorsement's creation, direct retail fishers are finding a much higher price on the dock than what the commercial buyer is paying. The Direct Retail Endorsement allows the fisher to add value to his or her product, and establish a direct connection between the fisher and the consuming public. Dockside selling not only brings more profit, but it allows the public to become educated about commercial fishing. People like buying fish directly from a fisher at the dock, and many have expressed that it is nice to have that opportunity.

The changes in the bill are consistent with discussions that were held between the Department and the fishing industry. Other changes that have been discussed can be accomplished administratively, and do not require legislation.

Many consumers prefer not to have salmon landed in the round, so it is good to remove that requirement. Crab should still be landed whole because regulation is based on gross weight, and that can be taken care of through agency rulemaking.

(With concerns) The Direct Retail Endorsement should not be limited to particular species of fish, and the fisher should not have to provide 24-hour notice. Time is of the essence when it comes to fresh fish, and 24 hours is too long to have to wait. The Direct Retail Endorsement should be offered at any time, not just at the time of license renewal.

Testimony Against: None.

Testified: (In support) Representative Hatfield, prime sponsor; and Kent Martin, Commercial Fisheries.

(With concerns) Steve Spleen, Commercial Fisheries; and Phil Anderson, Department of Fish and Wildlife.