



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Revenue

COMMISSIONER'S OFFICE

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March 21, 2016

The Honorable Louise Stutes
Alaska State Representative
Chair, House Fisheries Committee
State Capitol Room 416
Juneau, AK 99801

Dear Representative Stutes:

The purpose of this letter is to provide you with responses to the questions asked of the Department of Revenue and the Department of Fish & Game during our presentation to the House Fisheries Committee on March 8, 2016. Please see questions in italics and our responses immediately below the questions.

- 1. Please provide a brief outline of the process a fish taxpayer goes through to file their return.*

Please see the attached walkthrough of a Fisheries Business Tax return for a floating processor. Note that for a Fishery Resource Landing Tax return, prices are determined by the Statewide Average Price list rather than actual unprocessed value reported on the tax return.

For clarification, here are some differences between the information required for DOR's tax returns and DF&G's Commercial Operator Annual Report (COAR):

- COAR requires an area of harvest—for example, Upper Cook Inlet, Bristol Bay, or Juneau/Haines. The tax return requires a processing location code, not an area of harvest.
- COAR asks for the type of gear used to harvest the fish, which DOR does not. As a result, COAR may require several rows of data per species where the tax return requires only one row.
- COAR requires commercial operators to report finished fisheries products as well as unprocessed fish, while DOR only requires reporting unprocessed fish.
- COAR does not require reporting bonuses, although there is a box to check if the total amount paid to fishermen is not final by the April 1 due date. DOR requires reporting bonuses.

We also wish to clarify that the Department of Revenue administers the fish tax program, and therefore Department of Fish & Game officials do not necessarily have technical knowledge of it.

- 2. What are the species with a discrepancy between the Statewide Average Price (based on COAR data) and the value of the fish reported by other sources?*

The Statewide Average Price (SWAP) is used as the basis for the Fishery Resource Landing Tax. It is supposed to represent an ex-vessel price for unprocessed fish. The Department of Fish & Game has identified six species of fish where the existing data chronically underrepresent ex-vessel prices: Atka mackerel, Alaska plaice, Greenland turbot, flathead sole, rock sole, and

yellowfin sole. Price data for these species is scarce because the fish are largely taken by catcher-processor vessels. Ex-vessel sales of the species are rare and may not represent the actual average unprocessed value of the fish.

The attached table provides an estimate of the impact on revenues from the Fishery Resource Landing Tax if SWAP prices were to more closely reflect a true ex-vessel value. In the table, the 2014 SWAP is compared with a more accurate estimated price, and the change in tax liability for the six species is shown.

3. *How much revenue does the charter sector contribute to the State of Alaska for the amount of salmon and halibut the charter sector catches? How much would be generated if the same quantity of salmon and halibut were caught by the commercial sector?*

In response to the first part of the question (revenue from the charter sector):

The Department of Revenue cannot precisely estimate revenue contributed by the “charter sector.” There is no specific tax on sport fishing charters, and it would be impractical to apply the Fisheries Business Tax to sport fish, because the FBT is based on the commercial value of a fish and sport-harvested fish cannot be sold commercially.

Sport fishermen who use charter operations contribute revenue to the State of Alaska in several ways. Most people who use a sport-fishing charter must purchase an Alaska fishing license. In 2015, the revenue from sport fishing licenses was \$16 million. The Department of Revenue and the Department of Fish & Game do not currently have data on fishing license holders who go on charter boats and who do not.

Sport fishermen pay taxes on various equipment to help support fish management. The federal government collects these taxes and distributes them to the states through the Dingell-Johnson Fund. The state of Alaska received \$17.3 million from the Dingell-Johnson Fund in 2015, and has received between \$17 and \$20 million every year since 2007. A list of items taxed is attached (please see page 8 for the section on the Sport Fish Restoration Program). The Dingell-Johnson Fund money goes directly to the Division of Sport Fish, and these funds together with the above-mentioned fishing license fees cover about 65% of that division’s budget.

It should be noted that charter fishing businesses pay corporate income taxes and business license fees, as do commercial fishing operations. The income of a charter fishing business is not based on the size or value of the fish, but normally on the number of fishing days sold to anglers. That income is taxed just like any other business.

In response to the second part of the question (a hypothetical catch by the commercial sector):

Neither the Department of Revenue nor the Department of Fish & Game has complete data on the size of fish harvested through charter operations. The following paragraphs explain the numerous disclaimers on any attempt to estimate the size of charter salmon and halibut harvests.

For halibut, DF&G does not produce a statewide estimate of the harvest in pounds. However, the number of charter halibut harvested is available from log books. In International Pacific Halibut Commission (IPHC) Regulatory Areas 2C (Southeast Alaska to a northern boundary at Cape Spencer) and 3A (Cape Spencer to the west end of Kodiak Island), DF&G can estimate the average weight from length data on harvested fish that they obtain during the primary summer months in the major ports. In the remainder of the state, IPHC Areas 3B and 4, DF&G does not sample the harvest to estimate average size. For stock assessment purposes, the IPHC typically

applies the average weight for Kodiak to Areas 3B and 4 to estimate total harvest in pounds. It is unknown whether the Kodiak estimates of average weight are appropriate for western areas.

Here are DF&G estimates of halibut caught by charters, by IPHC area in 2014. These estimates are subject to the above caveats, specifically that average weight per fish is a rough estimate.

Area	No. Fish	Yield (lb)
2C	65,036	783,342
3A	174,351	2,034,455
3B & 4	88	1,246
Statewide	239,475	2,819,043

These estimates for 2014 are in pounds **net weight (headed and gutted)**, which is the standard weight unit used for commercial, recreational, and subsistence halibut. These are the estimates of harvest by charter clients, and exclude estimated mortality of released fish.

For salmon, DF&G does not produce an estimate of the harvest in pounds for any area of the state. The only figures available for saltwater charter anglers are the number of fish harvested. Salmon are not normally measured or weighed and DF&G bases their management practices on the number of fish, not the size. Attempts to estimate the number of pounds of salmon based on the number of fish and an “average size” for each species will be inherently unreliable, because the average size of fish varies widely depending on the area and time in which they are caught.

Here are DF&G log book reports of number of salmon caught by saltwater charter anglers in 2014:

- 61,325 large Chinook salmon (28” or longer)
- 2,741 small Chinook salmon (under 28”)
- 237,666 coho salmon
- 2,001 sockeye salmon

These numbers are also available on page 18 of the log book report located at <http://www.adfg.alaska.gov/FedAidPDFs/FDS16-02.pdf>.

Here are DF&G estimates of the average weights of **commercially** caught salmon in 2014. These may be completely inaccurate for sport-caught salmon which come from different parts of the state.

- Chinook: 12.06 pounds
- Sockeye: 5.60 pounds
- Coho: 7.14 pounds

These numbers can be found at <http://www.adfg.alaska.gov/index.cfm?adfg=CommercialByFisherySalmon.exvesselquery>.

Even if the state could overcome the obstacles mentioned above and accurately report the weight of charter harvests, DOR and DF&G professionals do not believe that would lead to a reasonable answer for the question “how much revenue would the state get from the same amount of fish caught by the commercial sector?”

The Fisheries Business Tax is not based directly on the weight of fish harvested, but on the commercial ex-vessel value. Charter-harvested fish, of course, have no ex-vessel value. The

market for commercial fish is based on the supply and demand of harvested fish, whereas the market for charter fishing is based on public desire to sport fish for a variety of reasons, not just the size of the fish harvested.

It would not be accurate to assume that if these fish were all suddenly caught by commercial operations instead of sport fishermen, they would have the same ex-vessel value as other commercially caught fish of the same species. One reason is because, as mentioned above, sport and commercial fish are caught in different areas and may have different average sizes. Commercial fishermen are often paid more per pound for larger than smaller fish. Therefore, any difference in the number of pounds per fish could lead to an additional difference in the hypothetical price per pound. Since the state lacks complete data on the weight of charter sport-harvested fish, this difference would skew the "commercial value" estimate. Another reason is because if the fish were caught by commercial operations instead of charters, they would be caught in different areas and at different stages in their life cycles.

Ultimately, multiplying rough estimates of charter harvest size by speculative ex-vessel prices does not result in a meaningful number. It does not represent the "true" commercial value of charter harvests—which could only be determined if those fish were actually sold on the market—nor does it represent the value of those same fish if they had been caught elsewhere by commercial operations. Nevertheless, DOR has provided data that the Fisheries Committee could use to create an estimate based on the committee's own preferred assumptions, if desired.

A final note is that the Department of Fish & Game uses fish monitoring data for management purposes only. Any attempt to use fish monitoring data for taxation purposes would likely increase public scrutiny and demand for improved accuracy and precision beyond what DF&G can currently afford to provide. This would necessitate increases in the DF&G budget that would partially offset any revenue gains.

I hope you find this information to be useful. Please do not hesitate to contact me if you have further questions.

Sincerely,



Randall J. Hoffbeck
Commissioner

Attachments: Fisheries Business Tax return walkthrough; SWAP estimates for 6 species; List of Items Taxed to Support Wildlife and Sport Fish Restoration

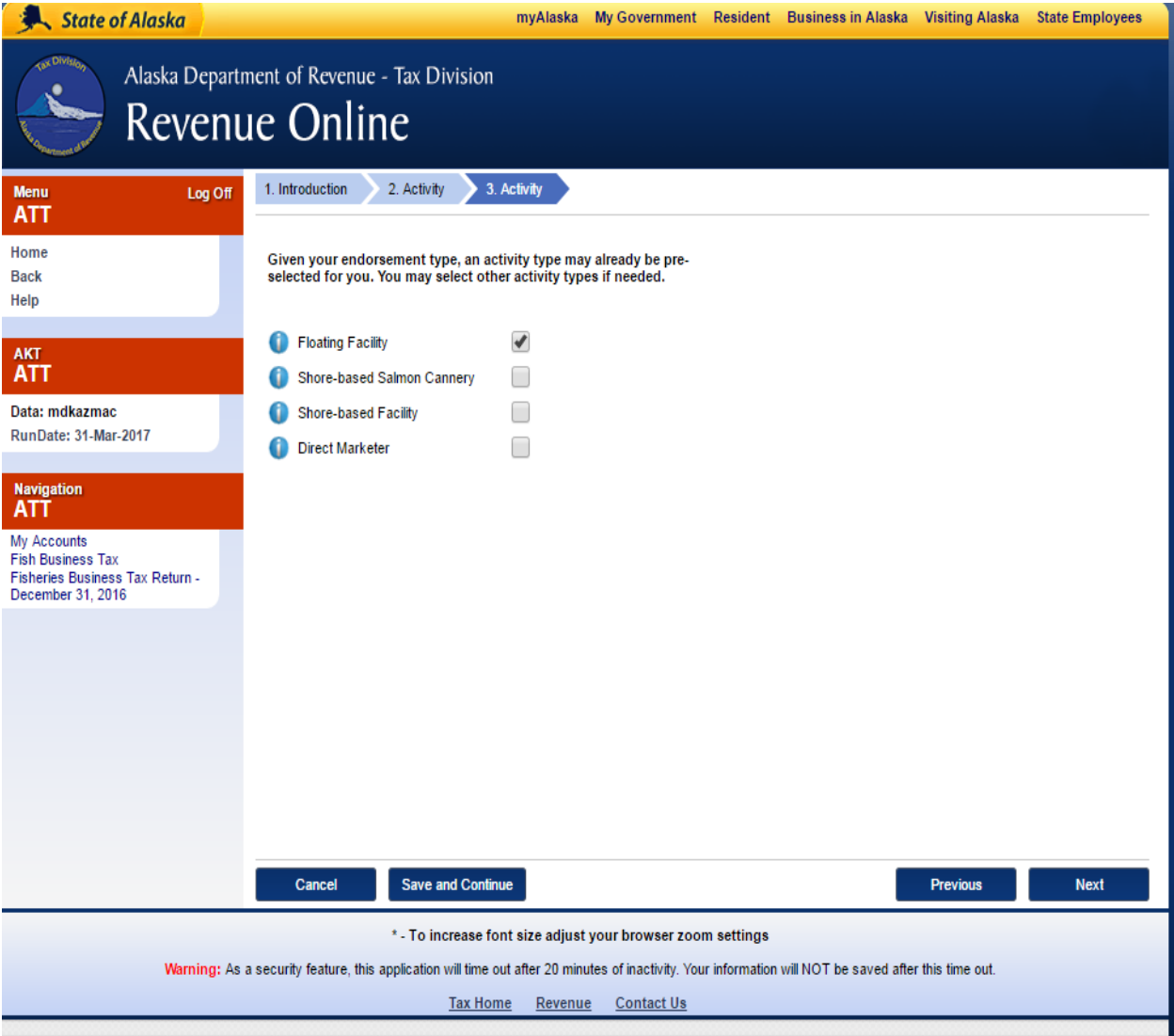
Filing a Fisheries Business Tax Return in Revenue Online

By Michael Kazmac

March 15, 2016

Enrolling in our new system Revenue Online allows the taxpayer to file tax returns electronically. After a short adjustment period the new program should make filing returns faster with greater accuracy. A taxpayer has to provide a considerable amount of information to file a complete Fisheries Business tax return. This presentation highlights the reporting requirements:

In this example, the taxpayer is filing its 2016 tax return, which is due March 31, 2017. To start the process of filing a Fisheries Business tax return for a floating processor (FP) through Revenue Online:



The taxpayer is prompted to choose the endorsement type (license type). After clicking “next”:

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1. Introduction > 2. Activity > 3. Activity > **4. Schedule Selection**

Given your endorsement type, some schedules may be pre-selected for you. You may select any other schedules if you need to.

	Established <i>i</i>	Developing <i>i</i>
<i>i</i> Schedule 1 - Caught and Processed	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>i</i> Schedule 2 - Purchased and Processed	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>i</i> Schedule 3 - Transported Unprocessed	<input type="checkbox"/>	<input type="checkbox"/>
<i>i</i> Schedule 4 - Custom Processed by Others	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>i</i> Schedule 5 - Custom Processed (Unlicensed)	<input type="checkbox"/>	<input type="checkbox"/>

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The taxpayer chooses one or more of the five schedules of the return by checking the appropriate boxes. FPs can engage in all the activities described in the 5 different schedules.

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1. Introduction 2. Activity 3. Activity 4. Schedule Selection 5. Schedule 1 - Caught and Processed

This schedule must be completed for all fisheries resources processed by your company that were taken in company-owned or company-subsidized boats operated by employees, or in boats under lease or other agreement.

Floating Facility
 Established

Species	Pounds	Value	Processing location code
110 - Cod, Pacific (Gray)	850,000	225,000.00	6103 - City of King Cove
270 - Pollock, Walleye	1,500,000	350,000.00	6401 - City of Akutan
440 - Salmon, Pink	1,200,000	300,000.00	4601 - City of Cordova
3 Rows		3,550,000	875,000.00

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The FP fills out Schedule 1-Caught and Processed. The FP includes species, pounds, value (exvessel or value in the round), and processing location code (the basis which Alaska shares Fisheries Business revenue with municipalities).

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Activity > 3. Activity > 4. Schedule Selection > 5. Schedule 1 - Caught and Processed > 6. Schedule 2 - Purchased and Processed

This schedule must be completed for all established fisheries resources that your company purchased and processed.

Floating Facility

Established

1 - 1 of 1 Show Errors				
	Species	Pounds	Value	Processing location code
	450 - Salmon, Chum	4,600,000	1,200,000.00	1101 - City of Ketchikan
		4,600,000	1,200,000.00	

OK Cancel

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The FP fills out Schedule 2- Purchased and Processed. FPs can buy fisheries resources from other fishermen as well as process their own catch.

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5. Schedule 1 - Caught and Processed 6. Schedule 2 - Purchased and Processed 7. Schedule 4 - Custom Processed by Others

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This schedule must be completed for all established and developing fisheries resources that your company had custom processed by another licensed fisheries business.

	Floating Facility	Shore-based Salmon Cannery	Shore-based Facility & DM License Holder
Established	0.00	0.00	0.00

1 - 1 of 1 Show Errors

	Lic #	Processor's name	Species	Pounds	Value	Processing location code
	7599	Ocean Canning	420 - Salmon, Sock	1,100,000	400,000.00	1507 - City and Borough of Wrangell
				1,100,000	400,000.00	

OK Cancel

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The FP fills out Schedule 4- Custom Processed by Others. The FP can also have custom processing performed on its behalf. Here, the FP reports retaining ownership of 1.1 million pounds of sockeye as it is being canned by another processor.

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1. Caught and Processed > 6. Schedule 2 - Purchased and Processed > 7. Schedule 4 - Custom Processed by Others > 8. Part Summary

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Part 1: Established

	Floating Facility	Shore-based salmon cannery	Shore-based facility and DM license holder
1E Caught and processed	875,000.00	0.00	0.00
2E Purchased and processed	1,200,000.00	0.00	0.00
3E Transported unprocessed	0.00	0.00	0.00
4E Custom processed by others	0.00	400,000.00	0.00
5E Custom processed (unlicensed)	0.00	0.00	0.00
Total Value of Schedules 1E - 5E:	2,075,000.00	400,000.00	0.00

Part 2: Developing

1D Caught and processed	0.00		0.00
2D Purchased and processed	0.00		0.00
3D Transported unprocessed	0.00		0.00
4D Custom processed by others	0.00		0.00
5D Custom processed (unlicensed)	0.00		0.00
Total Value of Schedules 1D - 5D	0.00		0.00

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After completing the schedules, the FP sees the summary of total values for each section of the schedules.

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Menu **ATT** Log Off Schedule 2 - Purchased and Processed 7. Schedule 4 - Custom Processed by Others 8. Part Summary 9. Tax Calculation Summary

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Total Tax Liability Calculation

Total Established Tax	121,750.00	Details
Total Developing Tax	0.00	Details
Total Tax Liability Before Credits	121,750.00	

Established Tax Details

Established Tax Calculation	Floating Facility	Shore-based salmon cannery	Shore-based facility and DM license holder
Total Value of Schedules 1E - 5E.	2,075,000.00	400,000.00	0.00
Tax Rate	0.05	0.045	0.03
Tax. Multiply column total by tax rate.	103,750.00	18,000.00	0.00

OK Cancel

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Next, the FP has the option to see the gross Fisheries Business tax calculation broken down by tax rate (Floating facility 5%; Salmon cannery 4.5%).

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Selection 5. Schedule 2 - Purchased and Processed 6. Part Summary 7. Tax Calculation Summary 8. Custom Processing

Did you custom process resources for another licensed fisheries business?

Yes No

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After the tax calculation summary, the FP must report any custom processing activity for another fisheries business license holder.

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5. Part Summary > 6. Part Summary > 7. Tax Calculation Summary > 8. Custom Processing > **9. Schedule 6 - Custom Processor Information**

This schedule must be completed for fisheries resources that your company processed for other licensed fisheries businesses. Please provide the information below for each licensed fisheries business for whom you did custom processing during the year.

1 - 1 of 1 [Show Errors](#)

	Lic #	Fisheries business name	Species	Pounds
	9995	Salmon, Inc.	440 - Salmon, Pink	20,000
				20,000

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The FP fills out Schedule 6- Custom Processor Information. Here the FP reports all processing performed on behalf of other fisheries businesses. Reporting this activity is mandatory. The department does periodic compliance projects to ensure these resources are subject to tax.

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7. Tax Calculation Summary 8. Custom Processing 9. Schedule 6 - Custom Processor Information 10. Selling Unprocessed

Did you sell fisheries resources unprocessed in Alaska?

Yes No

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Next the FP must report any unprocessed resources it sold without processing within Alaska.

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Schedule 6 - Custom Processor Information > 10. Selling Unprocessed > **11. Schedule 7 - Sold Unprocessed in Alaska or Under Exclusion**

This schedule must be completed for all established and developing fisheries resources caught and sold headed and/or frozen by fishermen qualifying for the tax exclusion under AS 43.75.017, as well as for unprocessed fisheries resources sold in Alaska by your company.

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	Lic #	Purchaser name	Purchaser address	.017	Species	Pounds
	5555	Halibut, LLC	999 Main St. Juneau, AK	<input checked="" type="checkbox"/>	200 - Halibut	5,000
				<input type="checkbox"/>		5,000

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The FP fills out Schedule 7- Sold Unprocessed in Alaska or Under Exclusion. A resource is Under Exclusion when a fisherman sells unprocessed resource to a licensed processor (AS 43.75.017). In this example, if Halibut, LLC exports the unprocessed halibut out of Alaska or processes it in the state, Halibut, LLC would be subject to the Fisheries Business tax.

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Processor Information > 10. Selling Unprocessed > 11. Schedule 7 - Sold Unprocessed in Alaska or Under Exclusion > 12. Credits Selection

Select the credit types you would like to claim.

- Education Credits
- A.W. "Winn" Brindle Scholarship Credits
- Film Credits
- Product Development Credits or Recapture

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After reporting the sold unprocessed schedule, the FP has the opportunity to claim any tax credits.

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11. Schedule 7 - Sold Unprocessed in Alaska or Under Exclusion 12. Credits Selection 13. Credit Summary 14. Payments

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Total payments	0.00
Overpayment carryover from line 8b of previous Alaska Fisheries Business Tax Return	0.00
AMENDED AND BONUS RETURNS ONLY - Taxes previously paid for this year	0.00
Total payments.	0.00

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After the credit section, the FP reports any tax-prepayments or taxes previously paid for the tax year.

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Processing 11. Selling Unprocessed 12. Credits Selection 13. Credit Summary 14. Payments 15. Return Summary

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Tax Liability		
1a. Established. Enter Amount from Part 1, line 8	121,750.00	Part 1: Established
1b. Developing. Enter amount from Part 2, line 8	0.00	Part 2: Developing
1c. Total tax liability. Add lines 1a and 1b	121,750.00	
Credits		
2a. A.W. "Winn" Brindle credit. Schedule WB, line 6	0.00	
2b. Alaska Education Credit. Schedule EC, line 9	0.00	
2c. Product Developing credit from Schedule PD	0.00	
2d. Film Production Credit (attach certificate)	0.00	
2e. Total Credits. Add lines 2a through 2d.	0.00	
Total Liability		
3. Net fisheries business tax. Subtract line 2e from 1c	121,750.00	
4. Production Development credit recapture from Schedule PD	0.00	
5. Total liability. Add lines 3 & 4 (Reported)	121,750.00	
Payment		
6. Total payments from part 3, line 12	0.00	Part 3: Payments
Amount Due		
7. If line 6 is less than or equal to line 5, subtract line 6 from line 5	121,750.00	
Overpayment		
8. If line 6 is greater than line 5, subtract line 6 from line 5	0.00	i

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And this is the summary page at the end of the filing. Taxpayers have the opportunity to review all sections of the return before filing the return and remitting the tax.

**Summary of Revenue Changes from the Fishery Resource Landing Tax:
Difference Between the Published SWAP and an Alternate Estimated
Price for Select Species**

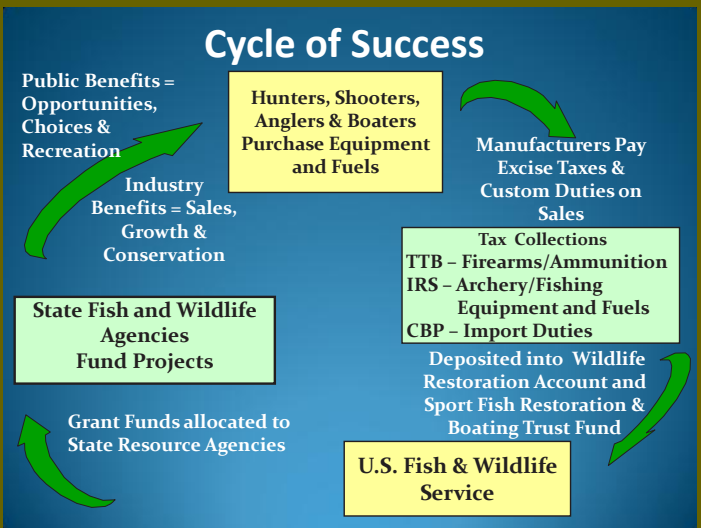
Species	2014 SWAP	Alternate Estimated Price	Estimated Revenue Change
Atka mackerel	\$ 0.10	\$ 0.36	\$ 537,323
Yellowfin sole	\$ 0.02	\$ 0.13	\$ 950,293
Alaska plaice	\$ 0.07	\$ 0.13	\$ 45,237
Flathead sole	\$ 0.13	\$ 0.18	\$ 36,823
Rock sole	\$ 0.22	\$ 0.15	- \$ 182,458
Greenland turbot	\$ 0.02	\$ 0.47	\$ 35,628

Items Taxed to Support Wildlife and Sport Fish Restoration in America



Manufacturers, producers and importers pay an excise tax on shooting, archery, and angling equipment. Recreational boaters also contribute with fuel and electric motor taxes. The U.S. Fish and Wildlife Service administers the Wildlife and Sport Fish Restoration Programs and distributes funds to State fish and wildlife resource agencies. Each year, millions of dollars are dedicated to fish and wildlife restoration and enhancement projects across the country.

Since implementation, more than \$13 billion have been collected, distributed, and matched with funds from State agencies. Projects focus on fish and wildlife management, species and habitat restoration, habitat protection, land acquisition, scientific study, population monitoring, hunter and aquatic education, and access for hunting, fishing and boating.





Photo/USFWS

Arms and Ammunition

Wildlife Restoration Program

Federal Firearms and Ammunition Excise Tax (FAET) is imposed on the sale or business use of the following articles by the manufacturer, producer or importer thereof at the following rates:



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■ Handguns (10%)

1. Pistols
2. Revolvers

■ Other Firearms (11%)

Includes any portable weapons, such as:

1. Rifles
2. Carbines
3. Machine guns
4. Shotguns
5. Fowling pieces

■ Portable weapons that use matchlock, flintlock, percussion cap ignition system, or black powder firearms

6. Antique firearms

■ Shells and Cartridges (11%) (Ammunition)

In addition, FAET is imposed on the following:

■ **Firearms Parts or Accessories;** The sales of completed firearms, pistols, revolvers, shells and cartridges and the sale of such articles that, **although in knockdown condition,** are complete as to all component parts.



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Department of Natural
Resources



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■ Reloaders;

A person who reloads used shell or cartridge cases if such reloaded shells or cartridges are sold by the reloader. However, if the reloader (in return for a fee and expenses) reloads casings of shells or cartridges with the identical casings provided by the customer to that customer no FAET attaches. The customer in this situation could be liable for FAET depending on what the customer does with the reloaded shells or cartridges (sells or puts to personal use).

■ Gunsmiths

Gunsmiths should contact TTB to determine whether or not their specific activities are taxable or non-taxable. In general, two events must occur for the FAET to apply to the alteration or modification of any firearm:

1. An act of manufacture involving firearm must occur.
2. The person who is responsible for the act of manufacture must sell the firearm or use it for a business use.



Photo/USFWS

To be considered an “act of manufacture,” alterations must materially change a firearm so that a different article results. Modifications to a firearm that significantly change the function of a firearm also amount to manufacture.

Source: Alcohol and Tobacco Tax and Trade Bureau (TTB). This listing represents the majority of items taxed.

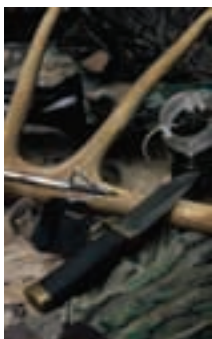
Bows and Arrows



Photo/USFWS



Photo/NEBRASKAland Magazine/Nebraska Game and Parks Commission



Photo/NEBRASKAland Magazine/Nebraska Game and Parks Commission

Archery equipment is taxed at 11% of sales price and includes:

- Points, tips and broadheads
- Arrow holders (all items to be affixed to a bow to hold an arrow in ready position)
- Arrow plates (whether fixed, adjustable, spring loaded, etc.)
- Arrow rests (whether bow shelf or auxiliary type)
- Quivers designed to provide ready access to taxable arrows during the time the archer is engaged in target shooting, hunting, fishing, regardless of material from which constructed (including bow quivers for attaching to bows and ground quivers)
- Bows – draw weight 30 pounds or more, including laminated, composite bows, solid glass, wood, steel, etc, bows and crossbows

1. Bow parts and accessories including:
 2. Bow handles, handle sections, bow levels, bow limbs
 3. Bow saddles (including interchangeable or replaceable bow grips)
 4. Bow sights and bow sight extensions (including parts and attachments therefore)
 5. Bow silencing pads
 6. Bow wrist slings
 7. Bow stabilizers (for all attachments and weights for use on bows to effect stabilization, counterbalancing, modification of weight distribution)



Photo/USFWS

8. Bowstrings
9. Draw stops
10. Finger protectors attached to bowstring
11. Grip formers
12. Kisser buttons (all items attached to bowstring to establish consistent anchor point)
13. Nocking points (all items attached to bowstring to establish arrow positioning)

14. Bowstring silencers

15. Bow tip protectors

16. Brush buttons

17. Cable guards and slides

18. Camouflaged bow covers (slip-over cloth, self adhesive tape type, etc)

19. Draw checks (spring loaded clickers, mirrors, or any other device attached to bow or string to insure consistent draw length)

20. Release draw bars

21. String peeps (all items attached to bowstring for use in sighting)



Photo/NEBRASKAland Magazine/Nebraska Game and Parks Commission

Arrows-Beginning 3/1/2005 the tax on arrow components was changed to tax on arrow shafts whether in a finished or unfinished form. This tax is based on a set amount per shaft regardless of the price for which it is sold and is adjusted for inflation. For periods after 1/1/09 this amount is 45 cents per shaft. The rate is adjusted Jan 1 of each year.



Photo/NEBRASKAland Magazine/Nebraska Game and Parks Commission

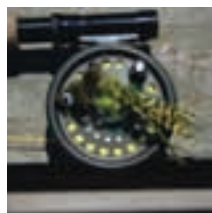
Source: Internal Revenue Service (IRS). This listing represents the majority of items taxed.



Sport Fishing Equipment



Photo/Take Me Fishing.org©



Photo/NEBRASKAland Magazine/Nebraska Game and Parks Commission



Photo/USFWS

Sport Fish Restoration Program

Sport fishing equipment is taxed at 10% of the sales price and includes:

■ Fishing rods and poles (maximum tax of \$10) and component parts, including;

1. Rod handle
2. Guide
3. Reel seat
4. Blank rod
5. Tip-top

6. Ferrule

■ Fishing reels:

1. Fly fishing reels
2. Reels or spools designed for use in ice fishing
3. Reels or spools employed for dispensing and retrieving line attached to arrows and spears used in fishing

■ Fly fishing lines and other fishing lines not over 130 pounds test

■ Fishing spears, spear guns, and spear tips

■ Items of terminal tackle including:

1. Leaders including swivels and snaps
2. Artificial lures including plugs, spoons, jigs, feathers, spinners, soft-plastic lures, and spear fishing decoys
3. Artificial baits
4. Artificial flies
5. Fishing hooks

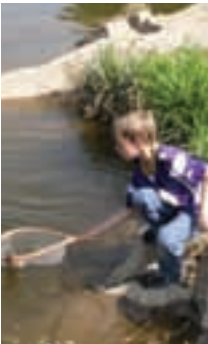


Photo/Take Me Fishing.org©

6. Bobbers
7. Sinkers
8. Snaps
9. Drayles
10. Swivels

■ Fishing supplies and accessories including:

1. Fish stringers
2. Creels
3. Tackle and fly boxes (taxed at 3%)
4. Bags, baskets, and other containers designed to hold fish
5. Portable bait containers (minnow buckets, floating cages, and grasshopper cages)
6. Fishing vests
7. Landing nets
8. Gaff hooks including straight or fixed-head gaffs, flying gaffs, and tuna hooks



Photo/USFWS

9. Fishing hook disgorgers
10. Dressing for fishing lines or artificial flies



Photo/NEBRASKAland Magazine/
Nebraska Game and Parks
Commission



Photo/Take Me Fishing.org©

■ Fishing tip-ups and tilts including the following components:

1. Spool on a spindle
2. Spring mounted flag on opposite ends of a vertical pole or arm with cross members to support the pole or arm over ice

■ Fishing rod belts (gimbal belt)

■ Fishing rod-holders

■ Fishing harnesses (fighting chair harness)

■ Fish fighting chairs (permanent or removable in boats)

■ Fishing outriggers

■ Fishing downriggers

■ Resale of certain fishing equipment

■ A tax of 3% of the sale price is imposed on:
Electric outboard boat motors



Photo/USFWS

Electric Outboard Boat Motors

Import Duties

■ Import duties of 1% to 3% are imposed on boat hulls, inflatable boats, sailboats, motorboats, rowboats, yachts, and inflatable rafts. Import duties of to 3.7% 9.2% are imposed on fishing rods, fish hooks, line fishing tackle; landing nets, butterfly nets and similar nets.

Motorboat and Small Engine Fuel

■ A tax is imposed on motorboat fuel and small engine fuel.

Source: Internal Revenue Service (IRS). This listing represents the majority of items taxed.



Photo/NEBRASKAland Magazine/Nebraska Game and Parks Commission

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January 2011



***THANK YOU to
manufacturers,
producers, and
importers of sporting
goods for keeping our
outdoor tradition alive!***