



WASHINGTON MARITIME FEDERATION

A Coordinated Voice for Maritime Progress

STATE LEGISLATIVE PRIORITY 2020

MODERNIZATION OF WASHINGTON'S FISHING FLEET

The State of Washington is the historic home of the North Pacific commercial fishing fleet. Over 7,000 Washington residents directly participate in the North Pacific commercial fisheries annually, with over 34,000 direct and indirect jobs in our state attributed to the Alaska seafood industry. These activities contribute a tremendous positive economic impact for our state. In fact, of the \$16.7 billion in revenue reported to the state by the maritime industry, \$9.4 billion is from commercial fishing and seafood processing companies, much of which is generated by the North Pacific fleet.

The Washington Maritime Federation (the Federation) has been involved in the development of legislation, including tax incentives, to support modernization of the North Pacific fleet, and this continues to be one of the Federation's top priorities.

The Washington Maritime Federation (the Federation) represents the coordinated and unified voice of the diverse and interdependent sub-sectors of the maritime industry, including cargo and logistics, shipyards and boatyards, fishing and seafood processing, recreational boating, maritime labor and numerous suppliers and supporters of the industry. The Federation promotes policy and investment priorities that support industry vitality, growth and resilience. Regional, state and federal priorities are based on a consensus decision-making process by Federation members advised by associate members and a broad group of business, labor and government stakeholders..

WHY *Tax incentives to recapitalize the fishing fleet will bring significant economic benefits to the state's shipbuilding and maritime industry while providing environmental and safety improvements, but it will take a substantive, coordinated effort at federal, state and local levels. The Federation strongly supports these efforts.*

- **Aging Fleet** - The average age of the North Pacific fleet is now over 40 years. As many as half of the boats currently fishing in the Bering Sea, and other Alaska offshore fisheries, need to be replaced.
- **Washington Jobs** - Rebuilding the vessels in our state will cement our place as the home base for the fleet, and will mean new jobs for vessel owners, shipyards, and the numerous suppliers to the fishing and shipbuilding sectors.
- **Sustainable Fisheries** - Today, the North Pacific fishery is stable and is considered one of the best managed in the world. The quota system now in place means that vessel owners can be assured of their share of the catch and associated revenue going forward. Building new boats will not negatively affect this stable resource. On the contrary, new vessels are much more environmentally friendly.
- **Economic Development** – By law, these boats must be built in the United States, but they don't have to be built in Washington. We need a policy and regulatory climate that as many as possible are built here. Estimates of the cost of replacing these vessels could be upwards of \$10 Billion, depending on the pace of replacement.
- **Clean Technology** – Washington's maritime sector boasts global leadership in the advancement of clean technology and best management practices in vessel construction. New vessels are being designed to exceed the highest standards, including the deployment of first-of-its-kind technologies to maximize fuel efficiency utilization of the product and crew safety. New vessels can reduce fuel usage by more than 50%, and to utilize more than 95% of every fish caught.

HOW *Cooperative federal, state and regional efforts are needed to incentivize rebuilding of the fleet. The Washington State Legislature can help drive modernization of the fishing fleet and support a sustainable fishery by:*

- **Authorizing a preferential business and occupation tax rate as well as preserving the Multiple Activities Tax Credit** for manufacturers of qualified vessels or components when they are sold at retail or wholesale in the state. Reducing the tax rate would be of minimal cost to the state, which will be more than offset by new shipbuilding and related economic activity. Reducing the cost of vessel construction in Washington would help to level the playing field and boost competitiveness of our shipyards and the fishing and seafood processing industry.
- **Provide incentives for the construction of more fuel efficient vessels, just as there are incentives for more fuel efficiency in other forms of transportation.**
- **Increase funding for maritime workforce education and training** by allocating additional FTE's to the State Board of Community and Technical Colleges and expanding marine engineering licensing programs, Core Plus and CTE programming in K-12, and other maritime youth programs.
- **Easing financing challenges to the construction of new vessels** Change federal policies to remove restrictions and aid vessel construction across the North Pacific commercial fleet. Increase loan authority and develop a loan or loan guarantee program to speed revitalization.



The F/V *Blue North*, recently built in Anacortes, WA, is an innovative, state-of-the-art design utilizing clean technology — creating one of the most environmentally friendly and safe fishing vessels in the world.



ECONOMIC IMPACT OF AFFECTED SUB-SECTORS IN WASHINGTON STATE

The charts below are adapted from the original study to highlight the sub sectors that will be greatly affected by modernizing the North Pacific Fishing Fleet. The Washington State Maritime Cluster Impact Study sought to quantify the impact of the maritime industry in order to better understand and strengthen its contributions to the regional economy.

Go to www.maritimefederation.com/studies to download the report.

INDUSTRY'S ANNUAL ECONOMIC IMPACT IN WASHINGTON

Direct Revenue of Affected Sub-Sectors



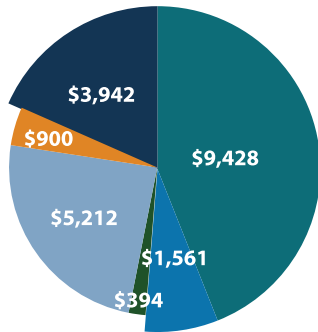
Additional Revenue



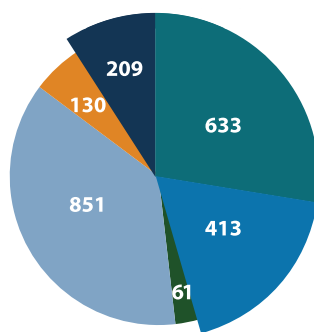
Combined Impact to WA Economy



Revenues (\$millions)



Establishments (Total: 2,300)



Recreational Boating & Boat Building

Maritime Logistics & Shipping

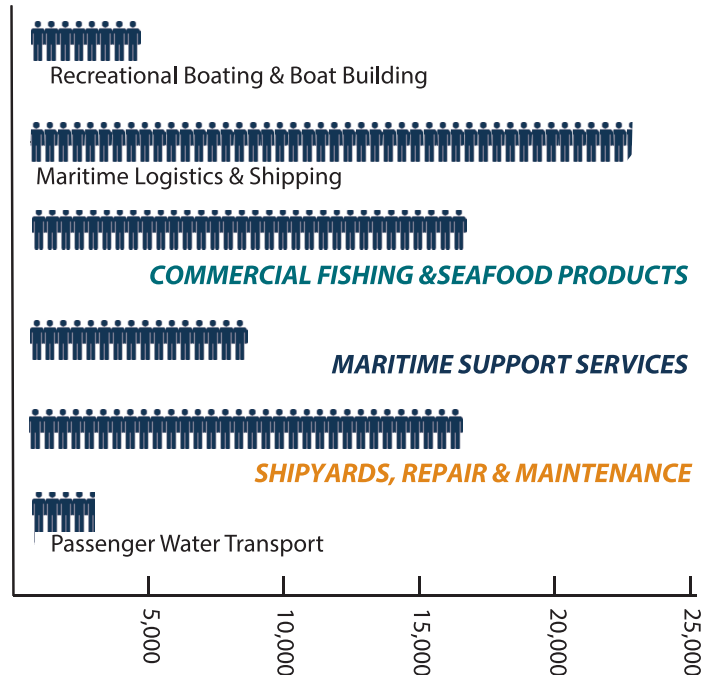
Commercial Fishing & Seafood Products

Maritime Support Services

Shipyards, Repair & Maintenance

Passenger Water Transportation

JOBS BY INDUSTRY SUBSECTOR



In 2015, the maritime cluster directly employed 69,500. Indirect and induced maritime jobs accounted for another 120,000, for a total impact of nearly 190,000 jobs in Washington.

The combined annual revenues of the fishing and seafood processing, maritime support services, and ship building total \$14.2 billion. Estimates on the impact from modernization could be as much as \$785 million between 2017 and 2026, and generate as many as 750 new jobs.***

The affected sectors employed over 42,000 people in 2015 across Washington state. The maritime industry paid nearly \$4.5 billion in wages with average salaries of \$65,150. In comparison, the state's median wage is \$56,700 (does not include benefits).

*2013 Washington Maritime Economic Impact Study, www.maritimefederation.com/studies ** The McDowell Group, Modernization of the North Pacific Fishing Fleet: Economic Opportunity Analysis, November 2016 ***Community Attributes, Washington State Maritime Sector Economic Impact Study: 2017 Update, April 2017