

2005 Alaska Permits, Licenses, Reports, Bonds, and Taxes for Direct Marketers and Small-Scale Processors

Excerpt from the Fishermen's Direct Marketing Manual - Appendix H

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Once you do anything with a fish other than deliver it to a tender or processor's dock, you are in the food business, and food is a highly regulated industry. Direct marketers are required to comply with a number of license, tax, inspection, and reporting requirements depending on the precise nature of their operation.

Each state has its own agencies and requirements; in Alaska most activities will require that you comply with regulations of three main entities:

1. The Alaska Department of Fish and Game (ADF&G), which regulates the take of fisheries resources.
2. The Department of Environmental Conservation (DEC), which ensures the safety of food products.
3. The Department of Revenue (DOR), which collects fisheries business and other taxes.

You may also need to work with the following agencies:

- National Marine Fisheries Service, if product comes from a federally-managed fishery

- Division of Measurement Standards. Scales used to weigh product must be certified.
- Local city governments for local vendors licenses, regulations, and city sales taxes if you sell within a local municipal jurisdiction.
- U.S. Food and Drug Administration (FDA) for:
 - mandatory one-time registration as a food processing facility
 - random processor inspection for sanitation, HACCP compliance
 - nutritional labeling on any retail size packaging that may be used
- U.S. Department of Commerce in some cases for services under voluntary inspection and certification programs.

Note: This appendix does not address the processing and sale of "shellfish", such as clams, oysters, geoducks and mussels. Some of the regulations covered herein apply, but there is a different set of shellfish-related sanitation and processing regulations. However, "shellfish" in this context does not refer to crabs and shrimp, which are covered by the regulatory provisions outlined in this appendix.

Complying with agency requirements

Your first step in determining which permits, licenses, reports, bonds and taxes you will be required to com-

Disclaimer: Requirements and regulations pertaining to seafood processing, handling and sales are complicated and subject to change, due to legislation or regulatory interpretation. The agencies regulating the industry use different terms specific to their regulatory requirements. Sometimes similar terms can have different meanings for different agencies. Terms in common use—such as "direct marketing"—may have specific regulatory meaning that differs from common use. What follows is a summary of pertinent Alaska and federal requirements, as of February, 2005. Use it for general informational purposes only. Consult with each of the relevant agencies for detailed and up-to-date instructions before engaging in seafood processing or sales activities

While the regulating agencies have attempted to simplify the permitting process for many activities, you may still have questions as you complete the applications. It will save considerable time if you contact the agencies early in the process with questions. Establishing a good working relationship with the agency will help you more easily resolve any problems that may arise later in the process.



plete is to determine which of the following kinds of operations you will be running. Following are classes of operation, based on state agency criteria:

- A. **Processor** - Processes or places seafood products in commerce and includes:
 1. Inshore Floating Stationary Processors
 2. Floating Processors greater than 65' in length (>65'). A vessel of less than 65' that buys and process on board can also be licensed as a processor if it meets all the DEC requirements.
 3. Shore-based Processors
 4. Canneries
 5. Selling live (Dept. of Revenue considers lives sales to be "processing")

- B. **Catcher/Processor** – Catches and processes and sells processed seafood products, and includes:
 1. Direct Marketer, 65 feet or less in length - May only process own fish.
 2. Catcher/Floating Processor (>65 feet) – Floating processors can buy or custom process, but Catcher/Processors cannot buy fish to process and sell, or custom process.
 3. Roe Recovery Only - Recovers roe for sale as a product for human consumption. Note - Under DEC interpretation, salmon fishermen such as trollers who gut their catch and sell the roe after it has been removed from the fish, even to the same processor who buys the fish, are engaged in "roe recovery" and need to be licensed as such.

- C. **Exporter** – ("Export" means transporting product out of Alaska to another state or country) Includes:
 1. Catcher/Exporter -Catches and transports unprocessed fish out of the state to a processing facility under the regulatory oversight of a governmental health regulatory agency.
 2. Buyer/Exporter - Buys unprocessed seafood product from harvesters for transport out of the state to processing facilities under the regulatory oversight of a governmental health agency.

- D. **EEZ Only** – Processes only in the federal Exclusive Economic Zone (between 3 and 200 miles from shore).

- E. **Catcher/Seller** – Sells his or her own catch as unprocessed and unpackaged fishery resources in

Alaska at the dock directly to the consumer, or to food establishments that have a DEC Seafood Processing Waiver. If you sell to food establishments with a DEC Seafood Processing Waiver they must pick up the product off the boat or you must have a DEC permit to transport the product to the establishment. Can also sell product for use as bait.

- F. **Waivered Buyers** – Markets, restaurants, groceries or lodges who have a DEC processing waiver. May buy up to 500 lbs./ week from catcher/sellers for sale or use in their establishment.

- G. **Independent Buyer** – Buys from fishermen to sell to licensed processors or exporters who have the product processed in a facility under the regulatory oversight of a governmental health agency.

- H. **Transporter** – Transports and sells salmon, herring or Pacific cod, and legally taken by-catch species in those fisheries, as an agent of the fishermen who caught the fish. They do not buy or process fish.

The scope of this Direct Marketing Manual covers only these categories:

Catcher/Floating Processor	Roe Recovery
Direct Marketer	Catcher/Seller
Catcher/Exporter	

Operations in categories A, B-2, C-2 and most in D should begin by completing the "Alaska Seafood Processor and Exporter License and Permit Application and Intent to Operate" (called "Fisheries Business License Application" by the Dept. of Revenue).

Direct Marketers (Category B-1), Roe Recovery (B-3), Catcher/Exporters (C-1), can use the new Direct Marketing Application, Form 04-576. Catcher/sellers, Waivered Buyers and Independent Buyers apply using separate forms from ADFG.

Those in categories E, F and G should begin by contacting ADFG, DEC and DOR to determine which permits, licenses, taxes, or bonds are required. Fees, taxes and permits other than those listed may be required of operators in these categories.

Transporters need a Fish Transporter Permit, issued by ADFG, as well as a valid commercial fishing vessel

license from the Commercial Fisheries Entry Commission. See Instructions for Fish Transporters for full information on permits, operating requirements, fish ticket reporting requirements and other regulations, available from ADFG at www.cf.adfg.state.ak.us/geninfo/permits/transporter/transporter_app.pdf. Transporters are exempt from posting bonds, paying fish processing taxes, and from filing a Commercial Operators Annual Report.

Your operation may fall into more than one of these categories. Depending on your operation, this can become a complex effort. If you are unsure which permits and licenses are required of you, your first step should be to contact the agencies directly. Their addresses are listed at the end of this chapter. Additionally, consultants who specialize in providing assistance in securing these permits, licenses, bonds, etc. can generally be located in trade publication advertisements or the Marine Yellow Pages under “consultants.”

Both DEC and DOR make an important distinction between operations that process seafood products and those that do not.

By DEC definition, you are a processor if you:

1. Head or butcher product
2. Recover roe
3. Shuck
4. Pickle
5. Cook in water/steam
6. Hot or cold smoke
7. Salt/Brine
8. Dry
9. Mixing/formulating
10. Freeze
11. Make surimi
12. Create retorted thermal packaging

The definition of processing does not include: Gutting, gilling, sliming, icing, or decapitating shrimp if performed on a vessel while on the fishing grounds.

U.S. Food and Drug Administration (FDA) Requirements

The Public Health Security and Bioterrorism Preparedness and Response Act of 2002 requires that all food processors, including fisheries enterprises in Alaska that meet the definition of seafood processing, must be registered with the FDA. Exempted are fishing vessels that head, gut, or freeze fish solely to maintain their quality while aboard the vessel for delivery to a processor. Registration can be done on-line at <http://www.access.fda.gov>, by mail using Form 3537, or by CD-ROM, for which the PDF can be downloaded at <http://www.cfsan.fda.gov/~furls/papercd.html>.

Processors whose product goes into interstate trade are subject to mandatory, unannounced FDA sanitation and HACCP inspections. FDA contracts with the state’s DEC to do most of its processing vessel inspections.

Seafood products sold in retail-size packaging are required to have nutritional content labels. Nutritional content information, for individual fish and shellfish species, is available at www.nal.usda.gov/fnic.

State Requirements for Catcher/Processors

1. ADF&G Intent to Operate, Seafood Processors Permit, and Fisheries Business License

Catcher/processors, direct marketers and those doing roe recovery operations can apply for all permit with one application, either the “Direct Marketing Application” or the “Alaska Seafood Processor and Exporter License and Permit Application and Intent to Operate.” On the Dept. of Revenue web page, under “forms” these are listed as “Direct Marketing Fisheries Business Application” and “Fisheries Business License Application,” respectively.

Direct Marketers who

- Hold a commercial fishing permit or quota share
 - Are sole proprietors (not incorporated)
 - Own or lease the vessel on which they operate
 - Process and export only their own catch
 - Will not purchase fishery resources for resale or processing for sale, and;
 - Work from a vessel less than 65 feet in length can use the “Direct Marketing Application.”
- You can download an application at www.tax.state.ak.us.

If you do not meet all of the above qualifications, you can apply for all permits with the consolidated “Alaska Seafood Processor and Exporter License and Permit Application and Intent to Operate.”

Note; If your proposed operation involves any form of processing, as defined above, be prepared to submit scale drawings of your vessel or facility along with the seafood processors permit. These drawings must indicate location of toilet and hand-washing stations, plumbing lines, locations and types of processing equipment, how processing waste will be discharged, and other specified information.

DEC will review your application and, depending on what and how you plan to process, may require any or all of the following additional permits:

- Plan Review and Approval of Sewage or Sewage Treatment Works
- Air Quality Control Permit to Operate
- Wastewater Disposal Permit
- Solid Waste Management Permit
- Plan Review and Approval of Public Water Systems
- National Pollutant Discharge Elimination System Permit from the U.S. E.P.A.
- Food Service Permit

The Fisheries Business License has a fee of \$25. Annual DEC fees levied on processors are determined based on the type and amount and processing being permitted. Fees in 2004 were:

Shore-based facility processing < 5000 lbs./day	\$490
Shore-based facility processing ≥ 5000 lbs./day	\$1,290
Cannery processing < 5000 lbs./day	\$690
Cannery processing ≥ 5000 lbs./day	\$1290
Exporter only	No fee
Direct Marketing Vessel < 65'	\$200
All Other Vessels	\$1,290

Processing these applications can take up to eight weeks and it is not legal to operate without having received initial issuance of the appropriate permits.

2. HACCP Plan

Federal law requires each processor to have a Hazard Analysis Critical Control Point (HACCP) plan on file which identifies the critical points in the processing cycle where contamination and hazards

could occur and which specifies how contamination will be prevented and hazards controlled. DEC includes HACCP inspections as part of their regular seafood processing facility inspections. See the section on HACCP elsewhere in this manual.

3. Alaska Commercial Operators Annual Report

A Commercial Operator’s Annual Report, accurately and completely summarizing your activities for the past year, must be submitted to ADF&G no later than April 1 of each year. Forms are available online or at your local office. Most who file a Seafood Operator and Exporter Permit Application and Intent to Operate, or Direct Marketing Application, must complete this form, whether you engaged in the proposed activities or not. Catcher/Sellers are not required to file a COAR.

4. Fish Tickets

ADF&G also requires that fish tickets be completed for each landing of fish. You apply for a number code plate and blank fish tickets with your Intent to Operate or Direct Marketing application. You may then either purchase your own stamping machine or arrange with your local ADF&G office to stamp your completed tickets in their office after your trip. Completed tickets generally must be submitted within seven days to the local ADF&G office. Operators in some fisheries, have additional reporting requirements and may be required to report more frequently.

5. Certification of Measuring/Weighing Devices

Certification of Measuring/Weighing Devices (from the Division of Measurement Standards) is required for scales used to weigh fish for sale. The device must be checked annually and bear an inspection sticker. The fee is based on the capacity of the scales.

6. Taxes

The Alaska Department of Revenue (DOR) is responsible for collecting taxes on fishery products. A Fisheries Business Return must be filed every year by March 31. When you sell your fish to a processor, these taxes normally are paid by that company. In most cases, you become responsible for those taxes once you start direct marketing your own product. As a direct marketer, you may face one or more of five different taxes:

A. Fisheries Business Tax must be paid by the first processor of a fishery product. If the product is not processed, but is exported from the state, the exporter must pay the fisheries business tax. As a direct marketer, the first processor or exporter is likely to be you. If you have your product custom

processed, you are responsible for paying the tax. If you sell your catch to a processor, even with the intention of buying some of it back later, the processor is liable for the tax.

Current rates are:

Floating processor (including catcher/processor)	5.0%
Shore-based processor	3.0%
Canned Salmonon.	4.5%
Direct Marketer	3.0%

Rates are lower for “developing species.” Contact the DOR for a current list of these species.

B. Landing Tax is paid on fisheries products caught and processed outside Alaska state waters (three mile limit) and first landed or transferred inside Alaska or within state waters. The assessment rate is 3.3% (3% tax plus .3% ASMI assessment.)

C. Salmon Enhancement Tax is paid by fishermen where regional aquaculture associations exist. The tax is 1-3% depending on the region’s self assessment. Licensed buyers must collect this tax and remit it to the state. Salmon Enhancement taxes are listed on fish tickets. This tax is reported and remitted monthly to the DOR. Catcher.Sellers and fishermen operating under a Direct Marketing Fisheries Business License selling to unlicensed buyers must pay this tax directly to DOR but are allowed to remit yearly. Contact DOR for more information.

D. Seafood Marketing Assessment is paid by processors handling more than \$50,000 worth of product annually. Processors must pay .5% of the ex-vessel value of all seafood processed to fund the activities of ASMI.

E. If you are selling your product within the limits of a city or state that has a local sales tax, you will be required to collect this tax on all sales of your product. Contact the city or local government for information concerning reporting and payment requirements.

F. Tax and Other Surety Bonds

1. All people, firms, or corporations that process fish in Alaska, or export unprocessed product from Alaska, must secure their estimated Fisheries Business Tax liability in advance. Catcher/Processors and Catcher/Exporters are not required to prepay or post bond if their estimated tax liability is \$500 or less.

You may prepay your estimated tax or secure your credit by submitting:

- A Letter of Credit in the amount of the estimated tax,
- A Time Certificate of Deposit in the amount of the estimated tax,
- A Fisheries Tax Bond equal to twice the estimated tax, or
- Verification of lienable real property valued at a sum equal to at least 3 times the estimated tax liability (see schedule B-1 for more information on this option).

2. Surety bonding is required if you purchase fisheries resources from other fishermen or if you have an Unemployment Insurance Contribution obligation for any of your employees. Operations that process more than 30,000 lbs. of raw resources annually are required to post a \$10,000 bond. Those that process less than 30,000 lbs. annually are required to post a \$2,000 bond. You may secure your credit for this bond in any of the ways listed above.

G. Other DEC-required permits or plans:

- Plan Review and Approval of Sewage or Sewage Treatment Works
- Air Quality Control Permit to Operate
- Wastewater Disposal Permit
- Solid Waste Management Permit

- Plan Review and Approval of Public Water Systems
- National Pollutant Discharge Elimination System Permit from the U.S. Environmental Protection Agency (EPA)
- Food Service Permit

Be prepared to submit scale drawings of your vessel or facility, indicating toilet and hand-washing stations, plumbing lines, and locations and types of processing equipment. Consider where you will get approved water for processing and how processing waste will be disposed.

H. HACCP Plan

Federal Hazard Analysis and Critical Control Point (HACCP) regulations require each processor to conduct a hazard analysis identifying significant hazards in the species and processing method and to specify in a HACCP plan the critical control points, critical limits, where and how they will be monitored. DEC includes HACCP inspections as part of their regular seafood processing facility inspections. See the section on HACCP elsewhere in this manual.

I. Federal Laws Enforced by the National Marine Fisheries Service (NMFS)

If you are marketing halibut or blackcod (sablefish) caught under provisions of an individual fishery quota (IFQ) or community fishery quota (CDQ), you must comply with applicable federal laws. See Appendix B, which addresses direct sales of fish caught under the federal IFQ program.

Requirements for Catcher/Exporters

1. ADF&G Intent to Operate and Fisheries Business License

You can apply for these permits with schedules A, B, and C of either the “Direct Marketing Application” or the “Alaska Seafood Processor and Exporter License and Permit Application and Intent to Operate.”

2. Seafood Processors Permit

This permit can be held by a custom processor that you have handle your seafood product for you, or

an “approved source”/Permitted Processor to which you sell your product. If you sell it before it leaves the state you are not an exporter.) If you do have the product handled by a custom processor, you will need to become an approved source/Permitted Processor yourself by filling out the seafood processors permit form in either the Direct Marketing Application or the Alaska Seafood Processor and Exporter License and Permit Application and Intent to Operate. See above for details.

3. Alaska Commercial Operators Report

See above for details.

4. Fish Tickets

See above for details.

5. Certification of Measuring/Weighing Devices

See above for details.

6. Taxes

See above for details.

7. Tax and Other Surety Bonds

See above for details.

8. Federal Laws Enforced by the National Marine Fisheries Service (NMFS)

See above and Appendix B for details.

9. DEC permit – If you are exporting you need a DEC permit to package and ship product.

10. Exporting salmon in the round

A special law applies to the exportation of salmon in the round. Contact Department of Revenue for details. Exporting of any seafood product, if not from an approved source/permitted processor, must be to a processing facility under the regulatory oversight of a governmental health agency.

11. Salmon Enhancement Tax

This tax applies to all fishermen harvesting salmon in a salmon enhancement area. Catcher/Processors, Catcher/Exporters, Catcher/Sellers and Direct Marketers are all required to pay the tax.

Requirements for Catcher/Sellers

- 1. Catcher/seller application**
Catcher/Sellers are those fishermen who sell only their own catch, unprocessed, directly from their boat to the public in Alaska. The required application is available online at www.cf.adfg.state.ak.us or at your local ADF&G office.
- 2. Alaska Commercial Operators Report**
Not required for Catcher/ Sellers
- 3. Fish Tickets**
See above for details.
- 4. Certification of Measuring/Weighing Devices**
See above for details.
- 5. Salmon Enhancement Tax**
Catcher/Sellers are liable for payment of enhancement taxes and must remit with a completed Fisheries Business tax return.
- 6. Federal Laws Enforced by the National Marine Fisheries Service (NMFS)**
See above for details.
- 7. Mobile Vending License**
This license is required by DEC if your product will be transferred to a cart, car, or truck for sale.

Requirements for all other categories

Categories A and D, as identified in this appendix, should begin by completing the “Alaska Seafood Processor and Exporter License and Permit Application and Intent to Operate.”

Categories F and G, as identified in this appendix, should begin by contacting the Alaska DEC, DOR and ADFG to determine which permits, licenses, taxes, or bonds are required.

Addresses and Web Sites

Alaska Department of Environmental Conservation (ADEC)

Division of Environmental Health, Seafood Section
555 Cordova Street
Anchorage, Alaska 99501-2617
Phone: (907) 269-7640
Fax: (907) 269-7510
<http://www.state.ak.us/dec/>
Email: manny_soares@dec.state.ak.us
Seafood Processors Permit Information:
907-269-7501

Division of Measurement Standards

Section of Weight and Measures
12050 Industry Way, Building O
Anchorage, Alaska 99515
Phone: (907) 345-7750 Fax: (907) 345-2313
Email: jamesecomiskey@dot.state.ak.us
<http://www.dot.state.ak.us>
Juneau office: 907-789-9763

Alaska Department of Fish and Game (ADF&G)

Division of Commercial Fisheries
P. O. Box 25526
Juneau, Alaska 99802-5526
Phone: (907) 465-4210
Fax: (907) 465-2604
<http://www.cf.adfg.state.ak.us>
Email: cfweb@fishgame.state.ak.us
Intent to Operate and Catcher/Seller Permit Information: (907) 465-6131

Alaska Department of Revenue Tax Division

P.O. Box 110420
Juneau, Alaska 99811-0420
Fishery Business License Information: (907) 465-2371
Fax: (907) 465-2375
<http://www.tax.state.ak.us>

National Marine Fisheries Services Restricted Access Management Division

P. O. Box 21668
Juneau, Alaska 99802-1668
Phone: (907) 586-7221
Fax: (907) 586-7131
<http://www.nmfs.noaa.gov>
Email: Alaska.webmaster@noaa.gov

U.S. Food and Drug Administration (FDA)

Federal Bldg. U.S. Courthouse
222 West 7th Ave. #25 Rm. 122
Anchorage, AK 99513-7504
(907) 271-5018
Fax: (907) 271-5014
E-mail: jim.vik@fda.gov
<http://www.fda.gov>

Many permits are available online:

NMFS Registered Buyer Permits are available at
http://www.fakr.noaa.gov/ram/reg_buyer_app_inst.pdf

NMFS Federal Processor Permits are available at
<http://www.fakr.noaa.gov/ram/applications.htm>

**Alaska Seafood Processor and Exporter License
and Permit Application and Intent to Operate
forms are available at**

www.tax.state.ak.us (Called “Fisheries Business
License” and “Direct Marketing Fisheries Business
License” applications at this site)
www.cf.adfg.state.ak.us/geninfo/permits/forms_pb.php
This packet includes applications to Department of
Revenue, Alaska Department of Fish and Game, and
Department of Environmental Conservation.

Direct Marketing Applications are available at

www.tax.state.ak.us and at the DEC and ADF&G web-
sites. This packet includes applications to Department
of Revenue, Alaska Department of Fish and Game, and
Department of Environmental Conservation.