

2021 WSFR National Virtual Federal Aid Coordinators Meeting

Questions and Answers (Q&A)

Topic/Speaker: Z-man Fishing Products: Daniel Nussbaum, President

- 1. Paul Dwyer: Would an adjustment to lower the excise tax rate in addition to more direct outreach to manufacturers and consumers encourage more companies to pay into WSFR programs? Should the excise tax be applied at the end of the supply chain wherein the consumer would pay the excise tax?**

I'm sure an adjustment to the excise tax would be welcome to the industry as the current 10% tax is fairly burdensome. I've heard from several other companies that annual excise tax dollars are greater than their profits. However I'm not sure that any amount of outreach would encourage manufacturers to pay in more to the WSFR than they absolutely must, though I do feel that outreach is important as most companies truly have no idea how excise tax dollars are apportioned and used. Knowing that the money is going towards strengthening fisheries and access would at least provide some peace of mind and make industry partners feel like they have some 'skin in the game' on the conservation front.

Having the consumer pay the tax would be the ideal situation for the industry, though it would be extremely difficult to ensure that taxes were being levied and collected across the board. There are far more retailers than there are manufacturers, and that could be an unworkable situation for the IRS. There are plenty of other issues with the excise tax as it is currently being applied, namely that it disincentivizes companies from manufacturing domestically and can largely be worked around on imports to reduce the tax burden (I won't go into detail on this but am glad to explain further). My impression is that currently, not all fishing tackle manufacturers are paying excise tax as they should be (incidentally, I was on an American Sportfishing Association call last week, and they rattled off total excise dollars collected from the industry in 2021 – let's just say that what Z-Man pays in excise tax is disproportionately large relative to our overall market share). I am certain that there are hundreds, if not thousands, of smaller manufacturers that likely pay no excise tax at all, and then there's the issue of the slew of product being sold direct-to-consumer by Chinese companies via Amazon, ebay, Alibaba, etc. This is unfair to companies like Z-Man who do things the right way and effectively operate off lower profit margins as a result. To that end, I do feel like efforts on behalf of the states to promote fishing industry members who pay their fair share as conservation partners would be welcome. The question of whether this would be worthwhile was asked during the archery industry presentation, I was a bit surprised at the response that it would not make much of a difference. I think painting the companies who bear most of this financial burden as partners in conservation with the states would go a long way to improving public perception and educating anglers of these contributions as well as the importance of buying through legitimate sales channels.