



The voice of fish and wildlife agencies

1100 First Street, NE, Suite 825  
Washington, DC 20002  
Phone: 202-838-3474  
Fax: 202-350-9869  
Email: [info@fishwildlife.org](mailto:info@fishwildlife.org)

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Glenn Hughes  
President & CEO  
American Sportfishing Association  
1001 N. Fairfax Street, Suite 501  
Alexandria, VA 22314

Jeff Poole  
President & CEO  
Archery Trade Association  
PO Box 70  
New Ulm, MN 56073-0070

Dear President Hughes and Poole:

The Association of Fish & Wildlife Agencies (Association) very much appreciates the incredible financial contributions that the archery and sportfishing industries contribute in support of the American System of Conservation Funding. Likewise, we put great value on the long-standing partnership with the American Sportfishing Association (ASA) and the Archery Trade Association (ATA) in support of state fish and wildlife agencies, your respective industries, and the North American Model of Wildlife Conservation.

Federal excise taxes collected under the Wildlife and Sportfish Restoration Program from archery and sportfishing equipment, as well as from firearms and ammunition, are the foundational funding source for state fish and wildlife agencies that support conservation initiatives across the United States. Each year, these excise taxes generate approximately \$1 billion in conservation funding and are extremely important to the states, the Association, the conservation community, and the American citizen.

To that end, the Association appreciates ASA and ATA's illumination of a critically important issue regarding the avoidance of paying the required federal excise tax (FET) under the Wildlife and Sportfish Restoration Program on fishing and hunting equipment that is coming into the United States from foreign manufacturers and distributors. We understand that today's business model for manufacturing and distributing fishing and archery equipment is much more complex than the traditional business models that were in place when excise taxes on angling and archery equipment were first imposed in the 1950s and 1970s, respectively.

Because of these business model changes, we recognize that there are increasing "leakages" in the American System of Conservation Funding which threatens the financial underpinning of the North American Model of Wildlife Conservation. These leakages have been exacerbated recently by the explosion of internet-based sales of taxable products from companies not based in the United States, made convenient through internet marketplace facilitators.

The Association further recognizes that leakages occur because current federal collection policies do not view internet marketplace facilitators as “importers” thus creating a situation where the consumer is responsible for paying the FET after importation and upon receipt of the product. Under this scenario, a consumer who buys a taxable product online from a foreign entity may be responsible for paying only a few dollars in excise taxes, but it is not happening and unrealistic to expect the collection agency to monitor excise tax payments at this micro-level.

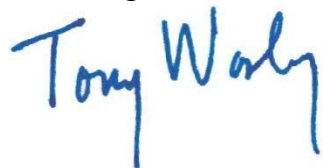
Southwick & Associates recently estimated the total unpaid tax projected across all taxable archery and fishing tackle sales not being paid as a result of sales from overseas vendors directly to U.S. consumers via online marketplaces at \$7.8 million per year and growing. Ultimately, state fish and wildlife agencies suffer from this lost revenue with all indications that these losses are going to grow as internet marketing opportunities expand. These unpaid taxes directly impact the agency’s ability to manage fish and wildlife resources and will ultimately impact hunters and anglers through reduced resource management and reduced access to pursue their passion.

The Association further recognizes that if not addressed quickly, the situation may lead to an erosion of support for the excise tax program from the fishing and archery industries. Industries based in the United States, who are supporting conservation by complying with the excise tax rules, are being put at a distinct competitive disadvantage. In a market where the profit margins are relatively small, this 10% or 11% disadvantage is intolerable. Our hunting and fishing industry partners in the United States deserve better than being outcompeted by foreign-based entities because of a conservation tax and antiquated tax collection model.

The Association stands ready to do all that is necessary to protect this critical funding source to ensure federal excise taxes collected under the Wildlife and Sportfish Restoration Program are fair and equitable. We strongly support corrective action for the identified leakage and are confident Congress will respond appropriately as we work in collaboration to appropriately modify related legislation. Please count on our support to assist our industry partners and the conservation community in seeking a solution that will have a long-lasting positive effect on conservation, hunting, angling, associated businesses, and the American economy.

Please keep us apprised and let us know how and when we can help.

Warm regards,



Tony Wasley  
President