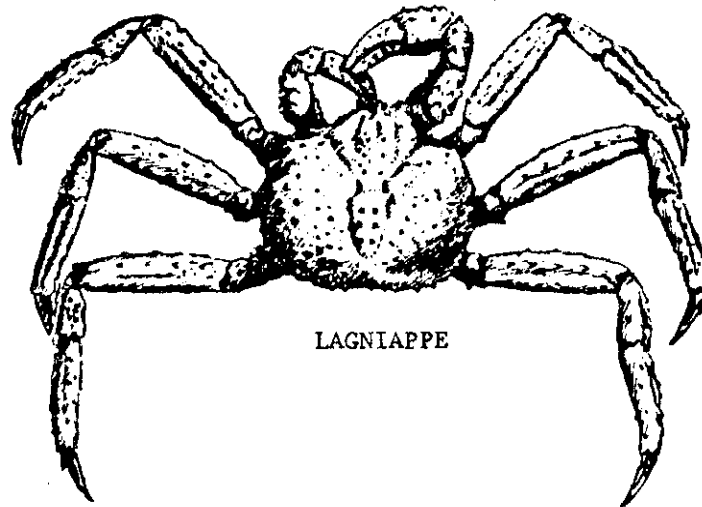


LOUISIANA COOPERATIVE EXTENSION SERVICE

Jefferson Parish
Orleans Parish
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SEA GRANT PROGRAM



LAGNIAPPE

Vol. 6 No. 3
March 22, 1982

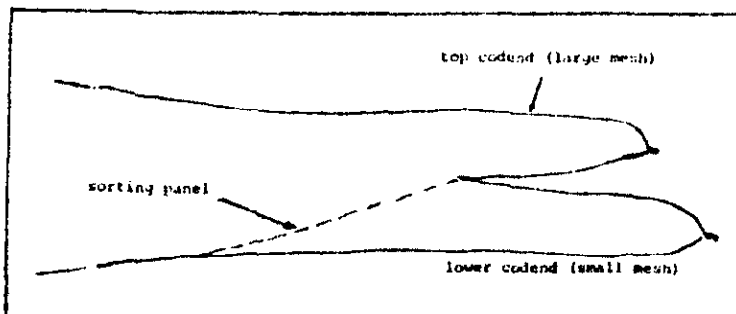
SHRIMP SEPARATOR TRAWL UNDERGOES PROMISING TRIALS

Separator trawls are being worked on by a number of agencies in this country for a variety of reasons. In the south, there is a problem with sea turtles getting caught in the nets. There is also growing concern that the croaker population is being harmed because so many young fish are caught in inshore waters during the early shrimp season. This type of thing is also the concern of Maine and Newfoundland. During their shrimp seasons, a large amount of juveniles of some commercial flatfishes and groundfishes are always caught and killed in the nets.

In both areas the fishermen only want shrimp when they fish anyway. A successful separator trawl would save a little fuel, too, due to a reduced drag from the loss of weight from all of those small fish. Also, a reduced weight drag would let the net mouth stay spread open to its fullest extent longer during the tow.

In 1976, a separator trawl was designed by Canadian fisheries personnel to help protect their juvenile redfish. It was tested for two seasons and, by 1978, repeated tows by commercial boats showed that the net retained 96% of the shrimp and released 89% of the little redfish. It, of course, retained all of the market size fish. This net took more time to handle on deck, but that time was made up by the cleaner catch of shrimp. That was good enough for one boat captain to ask the government for a loan of the net to finish out the season with.

The design featured a sorting panel in front of the regular codend, but the panel extended out through the top belly of the trawl to form a second, larger mesh codend. The test trawl used 1½-inch mesh for the lower bag and 5 1/8-inch mesh for the upper bag. Best results were obtained with a 3-inch mesh panel. Since their shrimp are smaller than ours, I am assuming that this was a stretched mesh measurement. Floats were added to the top of the net to keep the panel fully extended.



The theory of the net was that the shrimp would pass through the large mesh panel into the small mesh codend. It is known that fish will try to avoid nets; so, as the fish encounter the panel they will swim along it rather than go through it. That will funnel them into the large mesh codend. There the little fish will pass through the larger meshes as they get tired swimming or as they get crowded into it when the bag begins to fill up.

This winter the Department of Natural Resources in Maine will be testing variations of the Canadian net which they hope will exclude juvenile flatfishes. They will be studying the effects of the panel using various meshes and hanging points. They plan to try a tickler chain and anything else they can think of to catch shrimp but not fish.

(SOURCE: Commercial Fisheries News, February, 1982)

SELLING A FISHING BOAT CAN BE TAXING

The money from the sale of a boat often adds to your taxable income. The reason for this is most fishing boats sell for more than the fishermen paid for it. If this happens, the sale price can be divided into 3 parts: (1) Capital gains which is the amount by which the sale price exceeds the original purchase price, (2) The amount claimed over the years as depreciation is called recaptured depreciation, (3) The amount left on your tax books that is undepreciated is called capital.

The capital gain, and recaptured depreciation parts of the sale price are taxable. The tax on recaptured depreciation is what really hurts you. An example follows. Let's say you sold a 50 foot trawler for \$100,000. The boat was purchased several years ago for \$60,000 and \$50,000 of depreciation was claimed over the period. The sale price of \$100,000 results in the following tax liability:

Net sale price	-	\$100,000	
Original purchase price	-	60,000	
Long term capital gain	\$	40,000	40% is taxable (\$16,000)
Original purchase price	\$	60,000	
Depreciation claimed	-	50,000	Fully taxable (\$50,000)
Unclaimed depreciation	\$	10,000	
			Total taxable gain is
			\$66,000 (\$50,000 + \$16,000)

The \$66,000 would be added to the taxable income from your operation of the boat. If the boat's taxable income was \$20,000, the taxable gain on the sale of the boat will more than triple your taxable income.

There are two ways to reduce the tax bill so that the replacement boat purchase need not be delayed. A standard method is to average the high income of the sale year with income from the three previous years. The second method is to use the tax deferred program known as the Capital Construction Fund (CCF) of the National Marine Fisheries Service.

When a boat is sold, a fisherman should take the extra time to make himself and an accountant familiar with the CCF. The CCF program allows the fisherman to defer taxes on the taxable income from the sale of the boat. This is allowed as long as the gain on the sale goes toward the purchase of another boat. Through this program, fishermen are thought to have an incentive to improve their fishing boats. The key word is defer. Federal income tax on the gain from the boat sale is deferred until you begin depreciating the replacement boat. The value you can depreciate is decreased by the amount of taxable income you deposited in the CCF. If your boat is depreciated over 12 years, then the government gets back each year one-twelfth of the tax break it gave the fisherman.

Until recently, tax law allowed the fishermen an investment tax credit (ITC) of $\frac{1}{2}$ the regular ITC on the tax deferred money used to buy a replacement boat. For example, if you deposited the \$66,000 of taxable gain estimated previously into the CCF program. When you buy a boat for \$100,000, you are due an ITC of 10% or \$10,000 in this case. However, since you are in the CCF program the rules allow only one-half or a 5% ITC on the \$66,000 used to buy the \$100,000 boat. So, you would get the full ITC of 10% on \$34,000 (\$100,000-\$66,000) and a 5% ITC on the \$66,000 or \$3,300 withdrawn from the CCF. The total ITC allowed would be 10% of \$34,000 or \$3,400 plus \$3,300 for \$6,700. If you did not use the CCF program the full ITC of \$10,000 would have been allowed. Yet you must recall federal income taxes would have been paid on the large amount of \$66,000 in the example.

IRS may reconsider its ITC rules on purchases made with tax deferred money. Follow your accountant's advice. If a fisherman claims the full ITC even on amounts withdrawn from the CCF, he may eventually be audited.

The CCF sounds confusing but if you have a good accountant or tax preparer, it is not. The financial assistance office of the National Marine Fisheries Service in St. Petersburg, Florida, can help. Also LSU Sea Grant Extension Service has developed a useful introduction to the CCF. By providing key information, a fisherman can receive a free computer summary of how his taxes would be affected by getting into the CCF.

Fishermen wanting to receive an example summary need to provide -

- (1) Sale price for your boat.
- (2) The original purchase price.
- (3) Costs of the sale (surveyor's fee, legal fees, etc.
- (4) The total depreciation claimed on the boat.
- (5) The principal left on the boat being sold.

This information along with a return address can be mailed to:

Dr. Ken Roberts
Extension Service, LSU
Knapp Hall, University Station
Baton Rouge, LA 70803

Or you can mail it to me, and I will send it in. A brief analysis on how a fisherman might fare when his boat is sold will be returned to you.

STANDARDIZED BRIDGE OPENING SIGNALS PROPOSED

The Coast Guard wants to standardize the signal used by a boat to request that a drawbridge be opened. It would seem that signaling practices are different in various parts of the country. In our waters, boats give three long blasts of their horn when they want to have a drawspan opened. That signal is also the official Rules of the Road signal for a boat making way in reverse.

The Coast Guard would like sound signals to be the primary signal used for both day and night. The proposed signal is one long blast followed by one short blast. The bridgetender is supposed to answer in the same manner if he is going to open the draw. If the draw cannot be opened just then, he will sound five short blasts on his horn and the boat is to do the same which signals that he has understood. If a draw is open but is about to be closed, then those five short blasts will be sounded as a boat approaches. When it is ready to be opened the long/short signal will be given.

There will be approved visual signals, too. During the day, a boat can display a white flag and wave it up and down as a signal to open the draw. The flag must be big enough to be seen for half of a mile. If the draw cannot be opened and the tender does not have horns, he will wave a similar red flag back and forth. If it is going to open then he will wave a white flag up and down like the boat did.

At night a boat without a working horn can wave a white or green light up and down to signal the tender. This light has to be seen for half of a mile or more. If the draw will open the tender will likewise raise and lower a white or green light (if he does not have horns). If it will not open, he will wave a red light back and forth.

Of course if the boat and bridge can make radio contact none of these signals will be used. When using the radio the boat must continue to stay on that channel until he is through and clear of the draw.

SOURCE: The Biloxi Schooner Vol. 4 No. 8 February 1982.

THE GUMBO POT

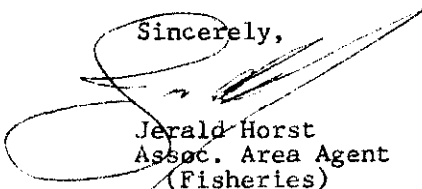
Fish Cakes

This recipe was given to me by Gail Eshete of Lafitte. Gail says she got the recipe from the "Cajun Cookbook" which was put together by the Barataria Baptist Church. The original recipe called for codfish, but I used gaspergou and it was very good. I think that it's best to use fillets regardless of the kind of fish as they are boneless and skinless.

- 3 cups boiled flaked fish
- 5 cups mashed potatoes
- 1 tbsp. parsley (chopped fine)
- 2 small onions (chopped)
- dash garlic powder
- 3 large eggs
- salt
- pepper

Mix all ingredients and shape into flat cakes. Powder lightly with flour if they don't hold together good. Fry in skillet till brown.

Sincerely,



Jerald Horst
 Assoc. Area Agent
 (Fisheries)
 St. Charles, Jefferson
 Orleans