

## TAMPA BAY Business Journal

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# Sahlman Seafoods catches a break

Jobs creation act saves \$900,000 in taxes

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TAMPA -- [Sahlman Seafoods Inc.](#), a 70-year-old family owned shrimping firm, made the most of a federal tax break to shore up business.

The company paid off debt, hired a local salesperson and plans to build or buy a new headquarters facility within the next four years, all uses permitted under the American Jobs Creation Act of 2004 that gave a one-time tax break to companies that brought home overseas profits.

Sahlman is among a number of privately owned companies that benefited from the provisions of the Jobs act, said Jerry Ogle, president of [Ogle & Co.](#), a Sarasota firm that specializes in providing international tax planning.

Sahlman last year sold its operations in Guyana, including a fleet of shrimp boats and a processing plant, and agreed to be paid over three years by the buyer. With the help of [Fifth Third Bank](#) in Tampa, the deal was structured so Sahlman received most of the sale proceeds in 2005 and could take advantage of the tax break, said Marty Williams, Sahlman president.

Around the same time, the company sold and leased back its headquarters south of Ybor City. Sahlman now has enough working capital to grow its operations in Nicaragua, where Williams said there's burgeoning opportunity for shrimp firms and other businesses.

### Evolving business

Sahlman has continually evolved since it was founded in 1936 by H.F. Sahlman at Fernandina Beach. Twenty years later, his son, Charles W. "Jack" Sahlman, joined the business and they established the headquarters in Tampa.

Their boats followed the shrimp to farther-flung locations, including what then was British Guyana in South America, where Sahlman established a processing plant, repair facility and dock. It was the company's core operation and profit center, although there were related businesses, such as a processing plant in Lakeland and a trucking company.

An explosion in worldwide shrimp production changed the business in the 1980s. Pulling shrimp from the ocean got stiff competition from aquaculture, or growing shrimp in ponds. Institutional buyers for wholesale clubs such as [Sam's Club](#) and [Costco](#) made the sales side tougher, while rising energy prices drove costs up.

When Sahlman decided to get into aquaculture, it settled on Nicaragua, where land was plentiful and the post-Sandinista economy was ripe for business development. Sahlman kept the Guyana operations but sold its other businesses, and in 1996, Marty Williams -- a civil engineer with construction experience and Jack Sahlman's son-in-law -- came on board to develop the Nicaraguan operation.

### Hurricanes and disease

"The first three or four years, everything that could go wrong went wrong," Williams said.

In 1998, Hurricane Mitch disturbed the fledging ponds. A disease called white spot decimated the shrimp at Sahlman and throughout the pond-raised shrimp industry.

"But we stuck with it, downsized and limited our expenses," Williams said. "We weathered the storm. Like a lot of businesses, this is cyclical and it turned around."

By 2004, the Nicaraguan operation was a viable business, but the Guyana operation was running into problems.

When another shrimper offered to buy the Guyana operations, they struck a deal with one caveat. Sahlman, which had always sold its own shrimp under the "Bee Gee" brand to wholesale distributors on the East Coast, would keep the right to market and sell the shrimp processed in Guyana.

The newly hired local salesman will focus on business development of the Bee Gee brand in the Tampa Bay area, Williams said.

#### Billions in savings

The deal structured by Fifth Third saved Sahlman \$900,000 in taxes, Williams said.

Ogle said the companies he's worked with that considered repatriating foreign earnings in 2005 generally were looking for a minimum tax savings of \$100,000 to make the deal worthwhile. Most of those companies that took advantage of the tax break plan to use their repatriated funds to add to their payroll or beef up marketing and brand development in the United States, Ogle said.

Nationally, 350 companies announced \$290 billion in repatriations as of March 20, according to the [American Shareholders Association](#), a Washington, D.C.-based nonprofit public policy organization.

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