



# **Sport Fish Restoration & Boating Trust Fund**

**Bill Griswold, DSO-SL, D7**

# WHAT IS WALLOP-BREAUX



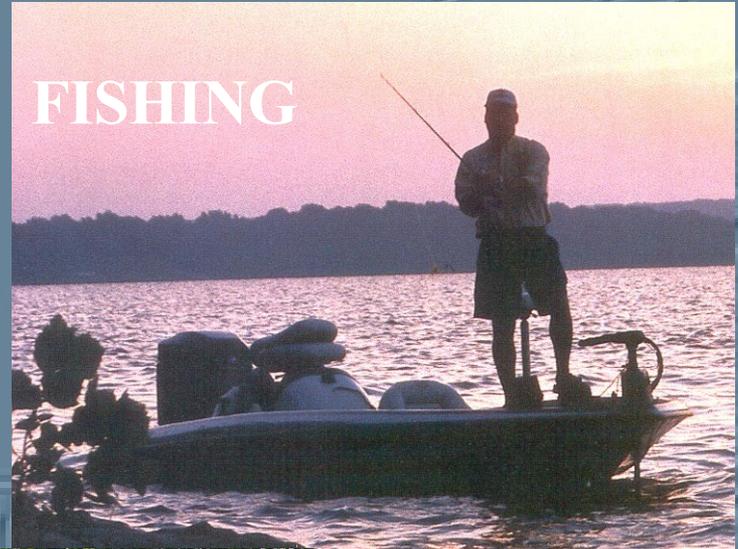
**Wallop-Breaux is a trust fund comprised of several revenue sources from specific user fees.**

# **BENEFICIARIES OF AQUATIC RESOURCES TRUST FUND**

**BOATING**



**FISHING**



**WETLANDS**



# AQUATIC RESOURCES TRUST FUND

- **Created in 1984**
- **Legislation sponsored by Senator Wallop and Congressman Breaux**
- **Two Accounts**
  - **Boat Safety**
  - **Sport Fish Restoration**

# Predecessors to Wallop-Breaux

- **Federal Aid in Sport Fish Restoration Act (Dingell-Johnson) -- 1950**
  - Federal excise tax on fishing equipment
- **Federal Boat Safety Act -- 1971**
  - “Seed” money from general tax revenue
- **Recreational Boating Safety and Facilities Improvement Act (Biaggi Act) -- 1980**
  - User fees from motorboat fuel tax (MFT)

# Wallop-Breaux Revenue Sources

## ➤ Boat Safety

(Administered by USCG)

- Motorboat Fuel Tax
- Interest on Account

## ➤ Sport Fish Restoration

(Administered by USF&WS)

- Motorboat Fuel Tax
- Fishing Equipment and Electronic Sonar Tax
- Small Engine Fuel Tax
- Import Duties on Boats and Fishing Equipment
- Interest on Account



# July 29, 2005

- President Bush signs Transportation Equity Act:
  - This legislation reauthorizes the Aquatics Resource Trust Fund through Sept. 2009
  - The Fund now comprises two separate accounts:
    - One for Fishing
    - One for Boating

Newly Named

# Sport Fish Restoration & Boating Trust Fund

Will provide nearly \$600 million/year to  
Boating Safety, Infrastructure and Access  
Programs, Sport Fish Restoration, and  
other boating programs

**Language included a recapture of the  
entire 18.3 cents gasoline tax**

**(attributable to motorboats - which comes  
from the Highway Trust fund, reauthorized  
for 6 years at \$286 Billion)**

**What this means is more than \$110 million  
additional dollars each year for boating  
safety and fish restoration funds**

# 2005 Reauthorization Goals

- **Reauthorize all programs funded through Wallop-Breaux**
- **Assign all programs a percentage of trust fund receipts**
- **Full recovery of fuel taxes (additional 4.8¢ per gallon)**
- **Drawdown of funds in Boat Safety Acct**
- **Programmatic changes for RBS**

# Recovery of additional 4.8¢

- **Effective October 1, 2004 (FY05)**
  - Collected FY05
  - Appropriated FY06
- **Motorboat fuel tax**
  - Estimated FY05 without 4.8¢ = \$246 million
  - Estimated FY05 with 4.8¢ = \$333 million
- **Small engine fuel tax**
  - Estimated FY05 without 4.8¢ = \$73 million
  - Estimated FY05 with 4.8¢ = \$99 million

# Drawdown of Boat Safety Account

- **Proposed for 5-year period**
  - **FY04 through FY08**
- **Spread over several programs**
  - **Boating Safety**
  - **Sport Fish Restoration / Access**
  - **Clean Vessel (Pumpouts)**
  - **Boating Infrastructure Grants**
  - **Outreach (RBFF)**
  - **Multi-State Conservation Grants (SFR)**

# Trust Fund Programs

**F&WS Administration**

**Multi-state Grants**

**SF Rest. and Boating Access** **57%**

**Boating Safety** **18.5%**

**Coastal Wetlands** **18.5%**

**Clean Vessel** **2%**

**Boating Infrastructure** **2%**

**Outreach** **2%**



BoaterEd.com

# RBS Programmatic Changes

## ➤ Coast Guard

- Remove 1% “floor” on administrative funds
- 5% for coordination of National RBS Program versus \$5 million
  - ✓ If not obligated in 3 years, returned to States
- “A minimum of” \$2 million for manufacturer compliance

## ➤ States

- Funds available for 3 years versus 2 years
- 75% Federal / 25% State match versus 50/50
- Maintenance of Effort provision

# Maintenance of Effort (MOE)

- Mechanism to protect State boating program funds
- Existing State funding cannot be replaced with Federal funds under new 75/25 match
- Additional funding will provide growth in State boating programs

# MOE (cont'd)

➤ **States must maintain current level of State expenditures to receive full Federal RBS funding**

- Based on 3-year average
- Can be waived if justification is provided and approved by Coast Guard

➤ **Decrease in State funding level will result in a corresponding decrease in Federal share**

- Decrease will be relative percentage

# Estimated RBS Funding

	<u>Total Trust</u>	<u>RBS 18%</u>
	<u>Fund \$</u>	<u>(State + CG)</u>
<b>FY04</b>	<b>\$493,000,000</b>	<b>\$ 95,000,000</b>
<b>FY05</b>	<b>\$518,000,000</b>	<b>\$ 97,000,000</b>
<b>FY06</b>	<b>\$643,000,000</b>	<b>\$119,000,000</b>
<b>FY07</b>	<b>\$657,000,000</b>	<b>\$121,000,000</b>
<b>FY08</b>	<b>\$672,000,000</b>	<b>\$123,000,000</b>
<b>FY09</b>	<b>\$685,000,000</b>	<b>\$123,000,000</b>

# Fiscal Year 07 Receipts

**Boating Safety Percentage (18.5%)  
\$109 Million**

**Boating Safety Interest Drawdown  
\$8 million**

**Total Receipts from Trust Fund  
\$117 Million**

**Actual Total To States Is Higher**

# How Much Reaches Your State?



# Total Receipts and Carry-forwards

## Deductions from Total

**Non Profit Grants 5%**

**USCG Programs \$5.5 Million**

**USCG Administration 2%**

**(Total Set Aside \$13.3 Million)**



# **Fiscal 07 Receipts Distribution**

**\$106.3 Million**

**State Allocation Based on 3-Part Formula**

**Equal Share**

**Numbered Vessels**

**State Expenditures for Boating Safety**

# *State Allocation*

## Equal Share

56 States/Territories get equal share of one third of the allocation.

Example:

Allocation is \$100M

One Third = \$33M

$33/56 = \$589K$

Each State/Territory gets \$589K of this third of the allocation

## *State Allocation*

### Numbered Vessels

Each State/Territory gets a % of one third of the allocation based on their % of total numbered vessels.

Example: Total numbered vessels = 13M

Florida # vessels = 1.1M (8.5%)

$$\$33M \times .085 = \$2.81M$$

Georgia # vessels = 318K (2.5%)

$$\$33M \times .025 = \$825K$$

Puerto Rico # vessels = 61K (.46%)

$$\$33M \times .0046 = \$152K$$

# *State Allocation*

## State Expenditures for Boating Safety

Each State/Territory gets a % of one third of the allocation based on their % of total State Expenditures for boating safety.

Example: Total \$\$ of State Expenditures = \$72M

Florida's \$\$ = \$9M (12.5%)

$$\$33M \times .125 = \$4.13M$$

Georgia's \$\$ = \$1.5M (2.1%)

$$\$33M \times .021 = \$693K$$

Puerto Rico's \$\$ = \$245K (.34%)

$$\$33M \times .0034 = \$112K$$

## *State Allocation*

In the example we've looked at, the following States/Territories would receive this Federal Grant:

**Florida**

$$589\text{K} + 2.81\text{M} + 4.13\text{M} = \$7.53\text{M}$$

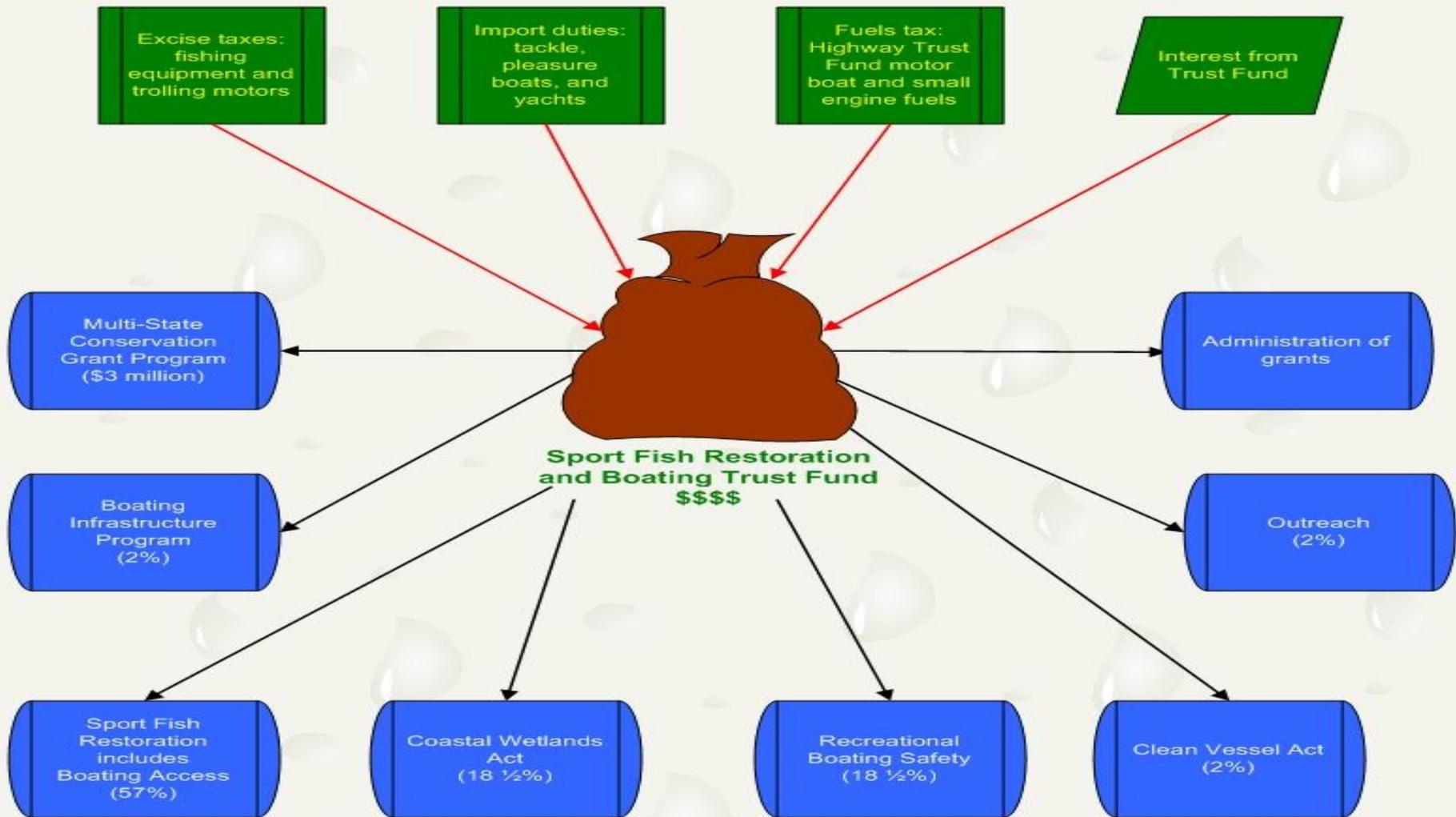
**Georgia**

$$589\text{K} + 825\text{K} + 693\text{K} = \$2.11\text{M}$$

**Puerto Rico**

$$589\text{K} + 152\text{K} + 112\text{K} = \$853\text{K}$$

# Sport Fish Restoration and Boating Trust Fund





**Sport Fish Restoration  
&  
Boating Trust Fund**  
Bill Griswold, DSO-SL, D7

**[wsgriz@aol.com](mailto:wsgriz@aol.com)**



# **Sport Fish Restoration & Boating Trust Fund**

**Bill Griswold, DSO-SL, D7**

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**Opening remarks – Federal/State partnership funded with Federal motor boat fuel taxes, and some excise taxes.**

## WHAT IS WALLOP-BREAUX



Wallop-Breaux is a trust fund comprised of several revenue sources from specific user fees.

**Wallop-Breaux was the popular name applied to the Aquatic Resources Trust Fund. Both Wallop and Breaux are no longer in the Congress, we have a new name. The slides will catch up, ok? The revenue sources in current law, all from “user fees” of varying origins, are still intact in the reauthorization legislation.**



# AQUATIC RESOURCES TRUST FUND

- Created in 1984
- Legislation sponsored by Senator Wallop and Congressman Breaux
- Two Accounts
  - Boat Safety
  - Sport Fish Restoration

The Trust Fund was established in 1984. The legislation sponsored by Senator Malcolm Wallop of Wyoming and then-Congressman John Breaux of Louisiana made the existing Boating Safety and Sport Fish funds separate accounts under the new “umbrella” of Wallop-Breaux, and authorized the transfer of all but \$1 million of annual motorboat fuel tax receipts to the new trust fund. It also expanded the excise taxes and import duties on fishing equipment deposited into the Sport Fish Restoration Account.

In three subsequent reauthorizations, numerous amendments have been made to add new programs – Coastal Wetlands, the Clean Vessel Act pump out program, Boating Infrastructure Grants, and Outreach.

## Predecessors to Wallop-Breaux

- **Federal Aid in Sport Fish Restoration Act (Dingell-Johnson) -- 1950**
  - Federal excise tax on fishing equipment
- **Federal Boat Safety Act -- 1971**
  - “Seed” money from general tax revenue
- **Recreational Boating Safety and Facilities Improvement Act (Biaggi Act) -- 1980**
  - User fees from motorboat fuel tax (MFT)

The history of the two major programs supported by the Aquatic Resources Trust Fund begins long before Wallop-Breaux was enacted.

The first Federal assistance for sport fish restoration was established with adoption of the Federal Aid in Sport Fish Restoration Act, commonly referred to as Dingell-Johnson, in 1950. The program was funded from a Federal excise tax applied to fishing equipment.

The State Recreational Boating Safety grant program was first established by FBSA of 1971. Funds from general revenue were considered “seed money” for the short term to get States more involved, and to decrease Federal government expense by reducing the number of people directly involved in boating safety, such as the Coast Guard’s Boating Safety Detachment (BOSDET) teams. The Federal funding for the program was to decrease until finally Federal funding would be eliminated. However, because of the popularity of the program, Congress reauthorized it twice until it finally expired in 1979.

To continue the grant program, Congress needed to find “user fee” funds instead of general revenue for a program that was funded by those persons who received the most direct benefit. In 1980, the Biaggi Act did this by capturing a portion of the motorboat fuel taxes that were going to the Land and Water Conservation Fund.

The Biaggi Act authorized a total of \$20 million per year -- \$10 million for boating safety and \$10 million for facilities. However,

# Wallop-Breaux Revenue Sources

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**Wallop-Breaux has several revenue sources – the largest is motorboat fuel taxes. The total Federal excise tax collected on each gallon of gasoline is 18.3¢. Wallop-Breaux got 13.5¢ of that amount. The additional 4.8¢ will be discussed later.**

# July 29, 2005

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  - **This legislation reauthorizes the Aquatics Resource Trust Fund through Sept. 2009**
  - **The Fund now comprises two separate accounts:**
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    - **One for Boating**

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**The latest Re-authorization of the Aquatics Resource fund.**

Newly Named

# **Sport Fish Restoration & Boating Trust Fund**

**Will provide nearly \$600 million/year to  
Boating Safety, Infrastructure and Access  
Programs, Sport Fish Restoration, and  
other boating programs**

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**Note the new name. Many other new changes included.**

**Click to add title**

**Language included a recapture of the entire 18.3 cents gasoline tax**

**(attributable to motorboats - which comes from the Highway Trust fund, reauthorized for 6 years at \$286 Billion)**

**What this means is more than \$110 million additional dollars each year for boating safety and fish restoration funds**

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**The law now directs the entire Federal motor boat fuel tax to the Sport Fish Restoration and Boating Trust Fund. Previously, the 4.8 cents of the motor boat fuel taxes went to debt reduction. 76% of the \$110M increase is due to the motor boat fuel tax.**

## 2005 Reauthorization Goals

- Reauthorize all programs funded through Wallop-Breaux
- Assign all programs a percentage of trust fund receipts
- Full recovery of fuel taxes (additional 4.8¢ per gallon)
- Drawdown of funds in Boat Safety Acct
- Programmatic changes for RBS

**The goals of ALAB in reauthorization fall into these 5 categories. Oh, ALAB – American League of Anglers and Boaters. This 30 plus “league” has been the advisory voice for the Aquatics Resource Trust Fund for years, and has advised Congress about desirable legislation dealing the the Fund. This League has been discontinued, with no forum in sight.**

## Recovery of additional 4.8¢

- **Effective October 1, 2004 (FY05)**
  - Collected FY05
  - Appropriated FY06
- **Motorboat fuel tax**
  - Estimated FY05 without 4.8¢ = \$246 million
  - Estimated FY05 with 4.8¢ = \$333 million
- **Small engine fuel tax**
  - Estimated FY05 without 4.8¢ = \$73 million
  - Estimated FY05 with 4.8¢ = \$99 million

**The good news is that both the House and Senate bills included a provision to recover the 4.8¢ of motorboat and small engine fuel taxes currently going to the General Fund (debt reduction). With this provision is enacted, an additional \$113 million will be transferred to the trust fund in the first year (FY06), and will be appropriated for distribution in FY07. BY FY10, the additional revenue to the trust fund is estimated at \$128 million. The reason this slide is off one year was because of a Continuing Resolution delaying implementation**

## Drawdown of Boat Safety Account

- **Proposed for 5-year period**
  - FY04 through FY08
- **Spread over several programs**
  - Boating Safety
  - Sport Fish Restoration / Access
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  - Boating Infrastructure Grants
  - Outreach (RBFF)
  - Multi-State Conservation Grants (SFR)

**A long-standing frustration for everyone in ALAB has been the lack of appropriation of the Boat Safety Account. Essentially, we have \$96 million sitting in the BSA that no one can use. Part of the reauthorization's proposal was a gradual drawdown of the Boat Safety Account over a 5-year period – FY06 through FY10 – to supplement the funds available through the Sport Fish Restoration Account. The funds will be spread over all Wallop-Breaux programs except Wetlands. However the majority of the funds are split between Sport Fish and Boating Safety.**

**The drawdown reduces gradually so no one “falls off a cliff” when the funds are gone. The first year, ~\$28 million will be distributed, \$22M the next year, then \$17M, \$12M, until the final year, when the balance would be divided between Sport Fish and Boating Safety only.**

## Trust Fund Programs

**F&WS Administration**

**Multi-state Grants**

**SF Rest. and Boating Access**                      **57%**

**Boating Safety**    **18.5%**

**Coastal Wetlands**    **18.5%**

**Clean Vessel**    **2%**

**Boating Infrastructure**    **2%**

**Outreach**    **2%**

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**Percentages of the Trust Fund going to various programs. Note that a couple of items are drawn off the top before the percentages kick in. Included in the Sport Fish Restoration account is Boating Access. Boating Safety at one time also contributed to this account, but no more. Access comes from the Fish side.**



**Access**

## RBS Programmatic Changes

### ➤ Coast Guard

- Remove 1% “floor” on administrative funds
- 5% for coordination of National RBS Program versus \$5 million
  - ✓ If not obligated in 3 years, returned to States
- “A minimum of” \$2 million for manufacturer compliance

### ➤ States

- Funds available for 3 years versus 2 years
- 75% Federal / 25% State match versus 50/50
- Maintenance of Effort provision

Some of the programmatic changes are pretty simple. On the Coast Guard side –

– We’re removing the 1% “floor” on the grant administration funds. With the increased funding anticipated under the reauthorization, the Coast Guard may not need a full 1% each year.

– We’re changing the Coast Guard’s funding for coordination of the National Boating Safety Program from a flat \$5 million to 5.5%. A new caveat being added provides that any of these funds that are not obligated at the end of the 3 years will be returned and allocated to the States with the next year’s funds.

– Current law provides that \$2 million of the \$5 million available for the Coast Guard each year must be spent on manufacturer compliance. The Office of Boating Safety actually wanted to spend more than \$2M but was told that was not allowable under the language in statute now. To resolve this problem, we are adding the words “a minimum of” to the sentence authorizing the \$2 million for the compliance program.

On the State side, two of the changes also are pretty simple –

– We’re increasing the time States have to obligate funds from 2 years to 3 years.

– And we’re increasing the allowable Federal share from 50% of total State RBS Program to 75%. This didn’t pass, so the present share is still 50/50.

## Maintenance of Effort (MOE)

- Mechanism to protect State boating program funds
- Existing State funding cannot be replaced with Federal funds under new 75/25 match
- Additional funding will provide growth in State boating programs

Slide 16 & 17

A “Maintenance of Effort”

provision has been included in the Sport Fish statute for some time, but would be new for the Boating Safety Program. It is a very significant provision and there has arisen some discussion regarding whether it would help or hurt state programs. Much of that answer lies in the situation in each individual State. The leadership in NASBLA (National Association of Boating Law Administrators) must make an effort to focus on the program as a whole rather than any one state. Even if that can be accomplished, it is difficult to predict the impact of a “maintenance of effort” provision due to the number of variables that affect the end product. Following are some thoughts to consider in trying to reach a unified stand on this new legislation.

Maintenance of effort (MOE) means that in order to receive all the federal funds available to a particular state, that state would have to “maintain” its current level of state dollars, based on an average level over time (probably three years). The idea is that the new Wallop-Breaux reauthorization should considerably increase the amount of federal funds available to the states. It would follow, then, that state boating programs should see growth. (Remember that the major premise for the fight to increase Wallop Breaux funds to the states was that nationally, boating programs were under-funded). The intent of the MOE provision is that states would not use the infusion of more federal funds to simply keep their boating programs at the same level and use fewer state funds.

## MOE (cont'd)

- **States must maintain current level of State expenditures to receive full Federal RBS funding**
  - Based on 3-year average
  - Can be waived if justification is provided and approved by Coast Guard
  
- **Decrease in State funding level will result in a corresponding decrease in Federal share**
  - Decrease will be relative percentage

## Estimated RBS Funding

	<u>Total Trust</u>	<u>RBS 18%</u>
	<u>Fund \$</u>	<u>(State + CG)</u>
FY04	\$493,000,000	\$ 95,000,000
FY05	\$518,000,000	\$ 97,000,000
FY06	\$643,000,000	\$119,000,000
FY07	\$657,000,000	\$121,000,000
FY08	\$672,000,000	\$123,000,000
FY09	\$685,000,000	\$123,000,000

**you remember that the Boating Safety Trust Fund was capped at \$56M, then \$64M for YEARS, this shows a huge improvement.**

## **Fiscal Year 07 Receipts**

**Boating Safety Percentage (18.5%)  
\$109 Million**

**Boating Safety Interest Drawdown  
\$8 million**

**Total Receipts from Trust Fund  
\$117 Million**

**Actual Total To States Is Higher**

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**Here's where we are right now. This is a huge improvement over recent past years, and has pumped needed and deserved funding to the states.**

## How Much Reaches Your State?



How much money reaches your state?

## **Total Receipts and Carry-forwards**

### **Deductions from Total**

**Non Profit Grants                      5%**

**USCG Programs                      \$5.5 Million**

**USCG Administration   2%**

**(Total Set Aside \$13.3 Million)**

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**We start with the total money flowing to the Boat Trust Fund. Non-profit grants drain 5%. Examples of this are the National Safe Boating Campaign, Accident Investigation Seminars, the overhaul of the CME program was another example closer to the Auxiliary, funds for the annual Summit, many brochures and publications, the list goes on. Then, the Coast Guard gets its share, mainly to run the Office of Boating, the state grant program, the other boating programs.**



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**Maybe some of the CG money goes to R&D??**

## **Fiscal 07 Receipts Distribution**

**\$106.3 Million**

**State Allocation Based on 3-Part Formula**

**Equal Share**

**Numbered Vessels**

**State Expenditures for Boating Safety**

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**Let's look at how the money gets to the states and territories.**

Click to add title  
*State Allocation*

Equal Share

**56 States/Territories get equal share  
of one third of the allocation.**

**Example:**

**Allocation is \$100M**

**One Third = \$33M**

**$33/56 = \$589K$**

**Each State/Territory gets \$589K of  
this third of the allocation**

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**56 States and Territories are the recipients. We'll take the entire amount and divide it into 3 equal parts. In the example on the screen, \$100M is the total, each part is \$33M. Each state/territory will get one equal share of one of the thirds or \$589K.**

CLICK TO ADD TITLE

## **State Allocation**

### **Numbered Vessels**

**Each State/Territory gets a % of one third of the allocation based on their % of total numbered vessels.**

**Example: Total numbered vessels = 13M**

**Florida # vessels = 1.1M (8.5%)**

$$\text{\$33M} \times .085 = \text{\$2.81M}$$

**Georgia # vessels = 318K (2.5%)**

$$\text{\$33M} \times .025 = \text{\$825K}$$

**Puerto Rico # vessels = 61K (.46%)**

$$\text{\$33M} \times .0046 = \text{\$152K}$$

25

**Let's look at the second third of the total. This third is divided based on the number of registered vessels in that state/territory as a percentage of all registered vessels. We're looking at how Florida (a big state), Georgia (a medium large state), and Puerto Rico (a small territory) would come out with money from this third. Obviously, more registered boats, a larger share.**

## ***State Allocation***

### **State Expenditures for Boating Safety**

**Each State/Territory gets a % of one third of the allocation based on their % of total State Expenditures for boating safety.**

**Example: Total \$\$ of State Expenditures = \$72M**

**Florida's \$\$ = \$9M (12.5%)**

$$\text{\$33M} \times .125 = \text{\$4.13M}$$

**Georgia's \$\$ = \$1.5M (2.1%)**

$$\text{\$33M} \times .021 = \text{\$693K}$$

**Puerto Rico's \$\$ = \$245K (.34%)**

$$\text{\$33M} \times .0034 = \text{\$112K}$$

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**The last third of the total is divided based on State Expenditures for boating safety. Again, we look at Florida, Georgia and Puerto Rico. This does not depend on number of vessels, marine police, but does have criteria that counts, such as boating education, aids to navigation, on water patrols, salaries while on patrol, and more.**

### ***State Allocation***

**In the example we've looked at, the following States/Territories would receive this Federal Grant:**

**Florida**

$$589\text{K} + 2.81\text{M} + 4.13\text{M} = \quad \mathbf{\$7.53\text{M}}$$

**Georgia**

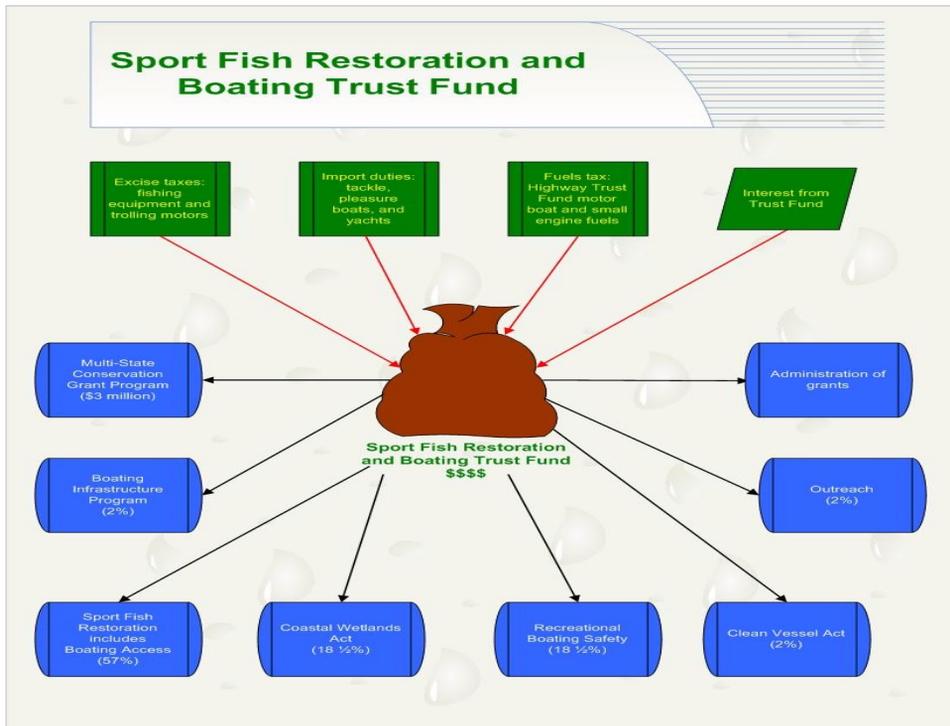
$$589\text{K} + 825\text{K} + 693\text{K} = \quad \mathbf{\$2.11\text{M}}$$

**Puerto Rico**

$$589\text{K} + 152\text{K} + 112\text{K} = \quad \mathbf{\$853\text{K}}$$

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**If we combine the thirds in our example, we get the portions of our three states/territories. This is the Federal State Grant, and for a state to receive it, they must match 1/2 of that grant with state funds. Note: Territories do not have to match the dollars in the equal share portion, and many of them only receive that share, in that their other %'ages are so small. Remember, we talked about that during the discussion on the maintenance of effort.**



Here's a block diagram of how this flows, income and outgo. We've mainly talked about the Boat Trust Fund, the others are equally confusing. Not really, this new Sport Fish Restoration and Boating Trust Fund is an outstanding partnership between the Federal Government and State Governments. It is a system of user pays, user benefits. You, the boater, are getting direct benefits from the tax you pay on motor boat fuel taxes, plus other income from the sale of boats, fishing gear, and so forth. There is a handout of this diagram, without the fancy colors at the back of the room.



# Sport Fish Restoration & Boating Trust Fund

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QUESTIONS?