

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 395** SLS 14RS 703

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 25, 2014 5:54 PM	Author: ALLAIN
Dept./Agy.: Natural Resources	Analyst: Matthew LaBruyere
Subject: Fishermen's Gear Compensation Fund	

FUNDS/FUNDING OR DECREASE SD RV See Note Page 1 of 1
Provides relative to the Fishermen's Gear Compensation Fund. (7/1/14)

Present law requires the treasurer to deposit \$250,000 annually from the Fisherman's Gear Compensation Fund to the Underwater Obstruction Removal Fund. Proposed law changes present law to specify that the state treasurer shall deposit the \$250,000 into the Underwater Obstruction Removal Fund until June 30, 2018.

Present law authorizes the Dept. of Wildlife & Fisheries to levy a fee of \$300 on each lessee of a state mineral lease and each grantee of a state right of way that are located within the coastal zone boundary. Proposed law exempts political subdivisions from the \$300 fee as of July 1, 2014. Proposed law establishes June 30, 2018, as a termination date for the Fishermen's Gear Compensation Fund.

Effective July 1, 2014.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	DECREASE	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Annual Total						

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

The proposed legislation will result in a decrease in local expenditures as a result of being exempt from the fee for right of way grants. According to the Department of Natural Resources, there are 41 right of way grants charged that affect 12 political subdivisions. These 41 right of way grants amount to approximately \$41,000 that would be exempted as a result of this legislation and not paid by political subdivisions.

The proposed legislation would also result in a decrease in statutory dedicated funding in FY 19 and beyond as a result of terminating the Fishermen's Compensation Fund on June 30, 2018. Based on the current year, the decrease in expenditures would be approximately \$1.1 M. The decrease in expenditures would include the salary and benefits of the fund administrator (\$76,000), indirect costs to DNR (\$115,000), Attorney General fees (\$178,000), claims paid to fishermen (\$473,000), and the annual deposit of \$250,000 into the Underwater Obstruction Fund. In addition to the decrease in expenditures for the Fishermen's Compensation Fund, the Underwater Obstruction Fund would recognize a \$250,000 decrease as a result of the Fishermen's Compensation Fund no longer existing.

REVENUE EXPLANATION

The proposed legislation will result in a decrease in revenue to the Fishermen's Compensation Fund as a result of exempting political subdivisions from the fee charged by the department to right of way grants and mineral leases. According to the Department of Natural Resources, there are 41 right of way grants charged that affect 12 political subdivisions. These 41 right of way grants amount to approximately \$41,000 that would be exempted as a result of this legislation and not collected by the department.

To fund the Fishermen's Gear Compensation Fund, a fee of \$300 is levied upon each lessee of a state mineral lease and each grantee of a state right-of-way which is located within the coastal zone boundary.

The proposed legislation states that the fund will terminate on June 30, 2018, which will result in a decrease in statutory dedicated revenue in FY 19 and subsequent fiscal years. On average the fund collects approximately \$1.1 M each fiscal year. In addition, the Underwater Obstruction Fund would recognize a \$250,000 decrease as a result of the Fishermen's Compensation Fund no longer existing. The Fishermen's Gear Compensation Fund annually transfers \$250,000 in collections to the Underwater Obstruction Fund.

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| <input type="checkbox"/> Senate | <input type="checkbox"/> <u>Dual Referral Rules</u> | <input type="checkbox"/> House | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

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