

# **Funding Options for the Dredging and Maintenance of the State's Coastal Inlets from Fees Charged to Those Who Make Use of the Inlets**

**As Directed by the General Assembly  
Session Law 2012-190**

**September 1, 2012**

**NORTH CAROLINA WILDLIFE RESOURCES COMMISSION &  
NORTH CAROLINA DIVISION OF MARINE FISHERIES**



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Appendix A - U.S. Fish and Wildlife Service Letter



## EXECUTIVE SUMMARY

Throughout the past two decades, federal funding for maintenance dredging of North Carolina's inlets and waterways has declined. The responsibility of maintaining these federal channels has historically been funded by Congress through the United States Army Corps of Engineers (USACE). Since federal funding has continually decreased, even zeroed out in many cases, many states and local governments have looked to other funding sources to backfill this revenue.

Recognizing this historical trend, during the interim of the Regular Session of the 2011-2012 biennium of the North Carolina General Assembly, the Legislative Research Commission appointed the Committee on Marine Fisheries. One of the charges of this Committee was to "study issues relating to marine fisheries. Specifically, the subcommittee may study the following: (8) Other findings that promote the allocation of the State's resources to the optimum use." Using this committee charge, the Marine Fisheries Committee submitted recommendations which were combined into Senate Bill 821 (Session Law 2012-190). This bill reads, "It is the intent of the General Assembly to provide funding for the dredging and maintenance of the State's coastal inlets from fees charged to those who make use of the inlets."

This document combines past research with current data to describe what revenue sources are available for the future funding of the dredging and maintenance of the state's coastal inlets.

For all intents and purposes, it is practically impossible to determine inlet users from information the Wildlife Resources Commission (WRC) and the Division of Marine Fisheries (DMF) collects. In this report, we do attempt to narrow those users into a general population.

As in previous reports, the value of the state's resources is incalculable, historically, culturally and economically. In a 2006 economic impact study of Oregon Inlet, researchers found the inlet had an annual economic benefit of 9,838 jobs and \$682.7 million to Dare County and the surrounding region. To do nothing, and allow these vital passages to disappear, would cause significant economic harm to our coastal communities.

## RECOMMENDATIONS

The General Assembly could consider working with local governments to create navigation and nourishment districts and charge the districts to maintain navigation channels within their boundaries. The creation of these districts would provide a governance structure to work with contractors for dredging maintenance. These districts should also be eligible for grant funding from state and federal monies to accomplish regular dredging projects. Also, navigation and nourishment districts could combine local government funds for regional projects and use property assessments in the benefited areas to assist in fully funding recurring maintenance.

The General Assembly could consider removing the cap on the sales and use tax of boats and use all sales and use tax from boats to fund the Division of Water Resources Capital Fund. These funds would be available to match funds from navigation and nourishment districts and local governments to complete navigation and nourishment projects statewide. These funds would not only be available to coastal communities, but also water resource projects throughout the state which will improve boater access.

The General Assembly could consider requiring the Wildlife Resources Commission to have a graduated registration fee based on vessel length. The increased revenue from this change would allow the WRC to partner with navigation and nourishment districts to assist in funding navigation projects and increase boating access statewide.

The General Assembly could consider removing registration renewal exemptions for commercial vessels and instead develop a new graduated registration fee based on vessel length, with additional revenues from larger vessels going to the Division of Water Resources Capital Fund or the WRC to fund navigation projects along our coast.



## FUNDING SOURCES

### Division of Water Resources

In the current biennial budget, the General Assembly funded the Division of Water Resources \$5 million for Water Resources Development Projects. These funds are to be used for projects such as the Wilmington Harbor Maintenance and Deeping, Morehead City Harbor Maintenance and the Carolina Beach Nourishment. These are general fund dollars used to match federal funds or fund projects directly. The identified needs of this fund considerably exceed available resources.

### Coastal Recreational Fishing License

The Coastal Recreational Fishing License (CRFL) was created in 2005 for the purpose of enhancing the fishery marine resources. Since 2007, the first year the licenses were sold, almost \$25 million has been deposited into the Marine Resources Fund for that purpose. The fund is jointly controlled by the Wildlife Resources Commission and the Marine Fisheries Commission. State agencies, non-profits and individuals submit detailed funding proposals under three distinct programs for consideration. The fees associated with the current CRFL are set in statute and displayed in Table 1. In order to evaluate various levels of fee increases, we arbitrarily selected increases of 20%, 50% and 100% of current fees. The revenue generated from these levels of increases must be used with caution as any increase in fees usually results in a decline in sales of the affected license. The decline in sales is inversely proportional to the increase in fees. It is possible that significant increases in fees could result in revenue reduced below current levels.

*Using the 20/50/100% across the board increase levels, \$0.5M, \$1.2M and \$4.2M increases respectively could be realized above FY 2012 revenues, as displayed in Table 2.*

The limiting factor of directing license revenue to fund dredging activity would constitute a diversion of license revenues. This concern is spelled out in a letter from the United States Fish and Wildlife Service in Appendix A. Also, thousands of CRFL holders do not use the inlets. It would be virtually impossible to find out which license holders used the inlets within the last year and which did not. There would be a disproportionate burden placed on sound and surf fishermen to fund the minority of fishermen using the inlets.

Also, increases to the CRFL would put North Carolina's license at a level much higher than those states surrounding us. Those fees are included in Table 3.

Studies conducted in North Carolina in 2000 and 2001 titled "Willingness to Pay for a Coastal Recreational Fishing License: A Comparison of North Carolina Angler Groups" and "Willingness to Pay for a Saltwater Recreational Fishing License: A Comparison of Angler Groups" respectively illustrated there is demand elasticity with the price of a license directly affecting the willingness of individuals to purchase the license. Also, the use of the revenue from a license impacts an individual's decision.

## Commercial Fishing Licenses, Permits and Vessel Registrations

The Standard Commercial Fishing License (SCFL) allows fishermen to harvest and sell fish, shrimp, crabs or any other marine species except menhaden (captured by purse seine). The cost of a SCFL varies, \$200 North Carolina residents, \$800 for non-residents or the amount charged to North Carolina residents in the nonresident state, whichever is less. In no event is it to be less than \$200. The fees for the license and permits associated are listed in Table 4. SCFL revenues are used to fund the DMF operations.

Commercial fishing vessels currently pay annual registration fees based on the length of the vessel; \$1/ft for vessels up to 18ft., \$1.50/ft. 18-35ft., \$3.00/ft. 36-50ft. and \$6.00/ft.-over 50ft. Any vessel used in a commercial fishing operation must be registered. This registration is in addition to state vessel registration and federal documentation requirements.

*In Fiscal Year 2012, the SCFL, commercial fishing vessel registrations and striped bass permits generated \$1,859,828 in revenue.*

In order to evaluate various levels of fee increases, we arbitrarily selected increases of 20%, 50% and 100% of current fees. The revenue generated from these levels of increases must be used with caution as any increase in fees usually results in a decline in sales of the affected license. The decline in sales is inversely proportional to the increase in fees. It is possible that significant increases in fees could result in revenue reduced below current levels.

*Using the 20/50/100% across the board increase levels, \$2.3M, \$3.1M and \$6.1M increases respectively could be realized above FY 2012 revenues, as displayed in Table 5.*

Determining comparable commercial license fees is difficult due to the wide-ranging differences in the approaches different states take in structuring their commercial license and fees. North Carolina is unique in that we license individuals and vessels separately within the same division which gives us needed flexibility in analyzing participation and effort in various fisheries. North Carolina is also unique in that the commercial license generally allows the holder to conduct any commercial activities using any commercial gears. Virginia and South Carolina have a basic commercial license but tend to charge extra for each gear the holder wishes to use. North Carolina has only one limited entry fishery (summer flounder trawl) while Virginia limits entry for striped bass, crabs, oystering, for-hire and has a two year wait for all commercial licenses. The cost of comparable licenses for other states is listed in Table 6.

The use of commercial license receipts for inlet dredging would severely impact certain critical, and legislatively mandated, operations of the division. License receipts fund 24 positions including Marine Patrol Officers who enforce fisheries regulations, trip ticket staff who process and analyze fisheries statistics for fisheries management plans, license sales staff who actually sell the licenses, and Information Technology staff who develop and maintain the necessary databases, software applications and networks required by division staff.



## Vessel Titling and Registration

G.S. 75A-5 requires owners of vessels register their vessel with the WRC. The statute exempts vessels owned and operated by nonprofit rescue squads if they are operated exclusively for rescue purposes, including rescue training. The registration fee is \$15 for a single year or \$40 for a three year period.

G.S. 75A-5.1 exempts commercial fishing vessels from the fee of registration renewal if the owner of the vessel can provide satisfactory proof he or she possesses a valid commercial fishing vessel registration.

In FY 2011-12, 2,173 commercial fishing vessels were given 1 year free registration renewals.

*If commercial fishing vessels were not exempted from paying registration renewals, \$30,405 would have been available for funding. Using the 20/50/100% across the board increase levels, 1 year registrations would generate \$36,486, \$45,608 and \$97,215 increases respectively.*

G.S. 75A-7 exempts other vessels such as:

- Vessels registered in other states, provided they have not been within NC for more than 90 consecutive days
- Vessels from other countries
- Vessels owned by governments
- A ship's lifeboat
- Vessels with valid marine documentation by the Bureau of Customs
- A sailboat less than 14 feet
- Vessels with no means of propulsion other than drifting or manual paddling

G.S. 75A-34 requires any owner of a motorized vessel or sailboat 14 feet or longer or any personal watercraft that is applying for a registration number for the first time or transferring ownership apply for a title.

Table 7 shows all North Carolina fees for titling and registration, as well as, fees from other surrounding states.

In order to evaluate various levels of fee increases, we arbitrarily selected increases of 20%, 50% and 100% of current fees. The revenue generated from these levels of increases must be used with caution as any increase in fees usually results in a decline in sales of the affected license. The decline in sales is inversely proportional to the increase in fees. It is possible that significant increases in fees could result in revenue reduced below current levels.

*Using the 20/50/100% across the board increase levels, 1 year registrations would generate \$520K, \$650K and \$867K increases respectively.*

*Using the 20/50/100% across the board increase levels, 3 year registrations would generate \$2.3M, \$3.1M and \$6.1M increases respectively.*

*Using the 20/50/100% across the board increase levels, vessel titles would generate \$617K, \$771K and \$1M increases respectively.*

***The total projected net revenue increases using the 20/50/100% across the board increase levels would generate increases of \$6.7M, \$8.4M and \$11.2M respectively as detailed in Table 8.***

In accordance with Title 46, U.S. Code, Chapter 123, a state can charge fees for the numbering of vessels.

Sec. 12307. Regulations on numbering and fees

The authority issuing a number under this chapter may prescribe regulations and establish fees to carry out the intent of this chapter. The fees shall apply equally to residents and nonresidents of the State. A State issuing authority may impose only conditions for vessel numbering that are -

- (1) prescribed by this chapter or regulations of the Secretary about the standard numbering system; or
- (2) related to proof of payment of State or local taxes.

Provided the numbering of vessels is provided for as stated above, there is nothing under current federal law or regulation that would prevent the State of North Carolina from using funds obtained under the numbering (and titling) laws of the state for whatever purpose the state decides.

There is no method of differentiating between vessels that are used predominantly in coastal fishing waters versus those used predominantly in inland fishing waters. The size of the vessel does not necessarily dictate the use of the vessel. There are numerous vessels on Lake Norman that exceed the average size and length of vessels in coastal waters. Also, many vessels that use coastal waters do not go into the ocean. The only method to estimate inlet users would be a costly survey of boaters as they enter and exit individual inlets.

## Gas Tax

The United States government collects \$0.184 per gallon of gasoline used for motorboats. Of this amount, \$0.13 is placed in the Wallop/Breaux Trust Fund which supports boating and fishing. Since there is no record of whether fuel is used for marine or other purposes, each state has a formula for calculating the amount of fuel tax to be captured for boating programs. This formula is based on multiple studies which show that marine fuel accounts for a minimum of 1% of all gasoline sales.

Currently, North Carolina has a motor fuels tax of \$0.375 per gallon. Roughly 75% of that tax goes to the Highway Fund, of which, 1/6 of 1% is dedicated to boating under G.S. 105-449.126. These funds are to be used for activities relating to boating and water safety including education and waterway marking and improvement; and for boating access area acquisition, development, and maintenance as per G.S. 105-449.125. Last year funds transferred under this statute were \$2,136,851.

The Department of Revenue also refunds the highway-use tax to marine users who file for a reimbursement. Last year \$421,081 was refunded to boaters, with a 4 year average of \$469,222.

These figures do not capture many larger vessels or vessels in marinas. Most of the distribution of marine fuel in coastal areas is at marinas that do not service highway users. Vessels that are the main users of inlets would usually obtain fuel from these marinas, where the highway-use tax has not been paid. The funds refunded or distributed to the WRC would typically come from smaller vessels where users would fill up their vehicle and vessel at a roadside service station, not from a large ocean worthy vessel stored at a marina at the coast.

*If the statute allowing for boaters to claim a refund for highway-use taxes paid were repealed, \$421,081 would be available for other uses.*



## **Inlet User Fee**

In 1990, the United State Congress passed a user fee for boat owners. Administration officials predicted they would collect \$127 million in 1991, but instead collected just \$18 million. Many boat owners had refused to purchase the “user fee” decals as a form of protest. The law was repealed in 1992.

A key problem with this user fee was the funds generated were put into the general fund and not into an account for boat users. It is anticipated that across the board increases in boat titling, registration or fishing licenses to pay for a select few to use the inlets could be met with the same reception.

A 2005 study of North Carolina's inlets found that it would take almost \$25 million annually to fund dredging maintenance. If every boater in North Carolina were to pay an additional \$150 per year to register their vessel, the revenues would still not be sufficient.

## **Boat Sales and Use Tax**

North Carolina currently charges a sales tax of 3% or a cap of \$1,500 on the purchase of a boat. All vessels purchased over the price of \$50,000 are taxed at \$1,500. All of the funds collected from the sales tax on boats go into the State's general fund. Maryland has a 5% sales tax on boats with no cap and 100% of the revenue going to the state's boating program.

## **Property Tax Districts**

Some states have chosen to create drainage or navigation districts to fund waterway maintenance. The Florida Inland and Navigation District (FIND) is an independent taxing authority established for 12 counties along the waterways in Florida. FIND was established in 1927, and is tasked with the responsibilities of funding and maintenance of Florida's waterways as well as providing financial and technical support to the local governments for maintenance of waterway related projects, installation and maintenance of manatee regulatory signage and public education. The current tax millage rate is 0.0345 mills which generates almost \$21 million annually.

This type of cooperation can be seen in North Carolina as well. The 1,044 property owners on Wrightsville Beach and Figure Eight Island agreed to pay for the \$8 million Mason Inlet-relocation and any necessary future maintenance. Those fees are collected through taxes via property assessments.

The North Carolina Beach and Inlet Management Plan (BIMP) already describes a possible framework for development of regional navigation improvement/beach nourishment plans. The BIMP (developed jointly by DENR's Division of Water Resources and Division of Coastal Management) noted the potential cost savings and environmental benefits of managing sand resources on a regional rather than project-by-project basis. The idea behind the BIMP regions is to link navigation dredging projects (which generate significant sand for disposal) to the need for nourishment on nearby beaches; projects could then be planned, permitted and funded on a regional basis with a regular maintenance schedule. To this end, the plan divided the North Carolina coast into four main beach and inlet management regions and nine sub regions. The regions were developed based on common elements in geology, physical coastal processes, erosion patterns and rates, sediment transport pathways,

potential beach-compatible sand resource locations, dredging considerations, shoreline development trends, and sociopolitical boundaries. If the Legislature decides to pursue the idea of Navigation Districts, the BIMP management regions would seem like a logical starting point for exploring this option.

## Federal Funding and Partnerships

Over the last ten years the Federal appropriations for maintaining North Carolina's shallow draft inlet's has declined to record low levels. For example, the President's budget proposals in 2003 and 2004 for Bogue, New River, New Topsail, Carolina Beach, and Lockwood's Folly Inlet maintenance were \$3.84 million and \$ 4.48 million. From 2005 through 2012, the President's budget proposals have included zero funds for 4 of the 5 shallow draft inlets. New River Inlet was the lone inlet recommended for funding (2007 to 2011) due in part to its use by military personnel at Camp Lejeune and New River MCAS. However, even New River Inlet received zero funding in the 2012 President's budget. Only through supplemental (both Federal and Non-Federal) and emergency (Federal) funding has the Wilmington District of the Corps of Engineers been able to keep the State's shallow draft inlets generally open for safe passage. The willingness of the State and coastal local governments of North Carolina to contribute funding to the federal government to compensate for the federal funding shortfall has been a major factor in keeping the shallow draft inlets open and dredged.

The Department of Environment and Natural Resources first became aware about one year ago that the Army Corps of Engineers Headquarters was potentially considering the retirement of the government dredge Merritt. Reportedly, the Merritt, which is operated by the Wilmington District of the US Army Corps, is the only vessel in the US, private or government-owned, that can consistently dredge North Carolina's shallow draft inlets. Knowing how critical the Merritt has been to maintenance of N.C.'s shallow draft navigation channels, the Division of Water Resources proposed the development of a long-term Memorandum of Agreement between the State of North Carolina, coastal local governments and the Corps of Engineers to keep the Merritt in operation. Under the terms of the MOA, the State and coastal local governments would pay the Corps of Engineers (under a state-local cost share formula) to keep the Merritt on active duty and dredging North Carolina's waterways.

There are a number of advantages to an arrangement that provides state funding, but leaves operation of the dredge to the Corps of Engineers. If North Carolina purchased the Merritt, or a similar dredge, the State would have to apply for permits from the Corps for dredging projects. As long as the Corps operates the Merritt under a maintenance dredging program, that won't be necessary. The MOA would also allow the State to avoid the complications of operating and maintaining the vessel, including the need to contract out the operation of the Merritt or hire staff to operate it; prepare and interpret surveys in advance of using the vessel; purchase fuel; and make repairs to the vessel.

According to the latest information available to DENR, the Corps has completed an initial draft of the proposed MOA and the State should get an opportunity to review it in the very near future. The General Assembly has already provided DENR's Division of Water Resources with an initial \$3 million to put towards dredging under the proposed MOA. The continued funding of this multi-year MOA in the future will be critical if North Carolina hopes to keep the Merritt on active duty and dredging the State's shallow draft inlets in the most cost effective manner.

**Table 1**  
**North Carolina Coastal Recreational Fishing License Fees**

<b>Recreational Coastal Fishing License Type</b>	<b>North Carolina Resident</b>	<b>North Carolina Non-Resident</b>
Coastal Recreational Fishing 10-Day	\$ 5	\$ 10
Coastal Recreational Fishing	\$ 15	\$ 30
Adult Coastal Recreational Fishing (ages 12 and older)	\$ 250	\$ 500
Youth Coastal Recreational Fishing (ages 1 to 11)	\$ 150	\$ 150
Infant Coastal Recreational Fishing (under age 1)	\$ 100	\$ 100
Age 65 (or older) Coastal Recreational Fishing	\$ 15	n/a
Disabled Veteran Coastal Recreational Fishing	\$ 10	n/a
Totally Disabled Coastal Recreational Fishing	\$ 10	n/a
Unified Sportsman/Coastal Recreational Fishing	\$ 55	n/a
Unified Inland/Coastal Recreational Fishing License	\$ 35	n/a
Unified Adult Sportsman/Coastal Recreational Fishing (ages 12 and older)	\$ 675	\$ 1,350
Unified Youth Sportsman/Coastal Recreational Fishing (ages 1-11)	\$ 450	\$ 450
Unified Infant Sportsman/Coastal Recreational Fishing (under age 1)	\$ 275	\$ 275
Unified Age 65 (or older) Sportsman/Coastal Recreational Fishing	\$ 30	n/a
Unified Disabled Veteran Sportsman/Coastal Recreational Fishing	\$ 110	n/a
Unified Totally Disabled Sportsman/Coastal Recreational Fishing	\$ 110	n/a
Unified Inland/Coastal Recreational Fishing	\$ 450	

**Table 2**  
**North Carolina Coastal Recreational Fishing Licenses Fee Increases**

License item	Type	Term	Resi- dent Fee	Non- Resi- dent Fee	Resident License sold	Non- resident License	Current Revenue	20% Fee Increase* Res/ NonRes	20% Fee Increase* Revenue	50% Fee Increase* Res/ NonRes	50% Fee Increase* Revenue	100% Fee Increase* Res/ NonRes	100% Fee Increase* Revenue
Coastal Recreational Fishing 10-Day	Coastal only	Short-term	\$5	\$10	47,724	131,822	\$1,556,840	\$6/\$12	\$1,868,208	\$7.50/\$15	\$2,335,260	\$10/\$20	\$3,113,680
Coastal Recreational Fishing	Coastal only	Annual	\$15	\$30	131,777	18,510	\$2,531,955	\$18/\$36	\$3,038,346	\$22.50/\$45	\$3,797,932.50	\$30/\$60	\$5,063,910
Adult Coastal Recreational Fishing (ages 12 and older)	Coastal only	Lifetime	\$250	\$500	187	10	\$51,750	\$300/\$600	\$62,100	\$375/\$750	\$77,625	\$500/\$1,000	\$103,500
Youth Coastal Recreational Fishing (ages 1-11)	Coastal only	Lifetime	\$150	\$150	37	n/a	\$5,550	\$180/\$180	\$6,600	\$225/\$225	\$8,325	\$300/\$300	\$11,100
Infant Coastal Recreational Fishing (under age 1)	Coastal only	Lifetime	\$100	\$100	65	n/a	\$6,500	\$120/\$120	\$7,800	\$150/\$150	\$9,750	\$200/\$200	\$13,000
Age 65 (or older) Coastal Recreational Fishing	Coastal only	Lifetime	\$15	n/a	6,762	n/a	\$101,430	\$18/na	\$121,716	\$22.50/na	\$152,145	\$30/na	\$202,860
Disabled Veteran Coastal Recreational Fishing	Coastal only	Lifetime	\$10	n/a	672	n/a	\$6,720	\$12/na	\$8,064	\$15/na	\$10,080	\$20/na	\$13,440
Totally Disabled Coastal Recreational Fishing	Coastal only	Lifetime	\$10	n/a	693	n/a	\$6,930	\$12/na	\$8,316	\$15/na	\$10,395	\$20/na	\$13,860
Unified Sportsman/Coastal Recreational Fishing	Unified	Annual	\$55	n/a	41,322	n/a	\$619,830	\$66/na	\$743,796	\$82.50/na	\$929,745	\$110/na	\$1,239,660
Unified Inland/Coastal Recreational Fishing	Unified	Annual	\$35	n/a	26,826	n/a	\$402,390	\$42/na	\$482,868	\$52.50/na	\$603,585	\$70/na	\$804,780
Unified Adult Sportsman/Coastal Recreational Fishing (ages 12 and older)	Unified	Lifetime	\$675	\$1,350	553	13	\$390,825	\$810/\$1,620	\$468,990	\$1012.50/\$2025	\$586,237.50	\$750/\$2,700	\$781,650
Unified Youth Sportsman/Coastal Recreational Fishing (ages 1-11)	Unified	Lifetime	\$450	\$450	386	n/a	\$38,600	\$540/\$540	\$46,320	\$675/\$675	\$57,900	\$900/\$900	\$77,200
Unified Infant Sportsman/Coastal Recreational Fishing (under age 1)	Unified	Lifetime	\$275	\$275	3,232	n/a	\$242,400	\$330/\$330	\$290,880	\$412.50/\$412.50	\$363,600	\$350/\$350	\$484,800
Unified Age 65 (or older) Sportsman/Coastal Recreational Fishing	Unified	Lifetime	\$30	n/a	5,564	n/a	\$83,460	\$36/na	\$100,152	\$45/na	\$125,190	\$60/na	\$166,920
Unified Disabled Veteran Sportsman/Coastal Recreational Fishing	Unified	Lifetime	\$110	n/a	488	n/a	\$4,880	\$132/na	\$5,856	\$165/na	\$7,320	\$220/na	\$9,760
Unified Totally Disabled Sportsman/Coastal Recreational Fishing	Unified	Lifetime	\$110	n/a	427	n/a	\$4,270	\$132/na	\$5,124	\$165/na	\$6,405	\$220/na	\$8,540
Unified Inland/Coastal Recreational Fishing	Unified	Lifetime	\$450	n/a	205	n/a	\$41,000	\$540/na	\$49,200	\$675/na	\$61,500	\$900/na	\$82,000
<b>Revenue Totals</b>							<b>\$6,095,330</b>		<b>\$7,314,396</b>		<b>\$9,142,995</b>		<b>\$12,190,660</b>

**Table 3**  
**Various States' Coastal Recreational Fishing Licenses Fees**

<b>Recreational Coastal Fishing License Type</b>	<b>VA Resident</b>	<b>VA Non-Resident</b>	<b>SC Resident</b>	<b>SC Non-Resident</b>	<b>GA Resident</b>	<b>GA Non-Resident</b>	<b>FL Resident</b>	<b>FL Non-Resident</b>
Coastal Recreational Fishing 10-Day	\$10	\$10	\$5	\$11	\$3.50	\$20	n/a	3-day, \$17 7-day, \$30
Coastal Recreational Fishing	\$17.50	\$25	\$10	\$35	\$9	\$45	\$17	\$47
Adult Coastal Recreational Fishing (ages 12 and older)	See table below	See table below	\$300	n/a	See table below	n/a	See table below	n/a
Youth Coastal Recreational Fishing (ages 1 to 11)	See table below	See table below	n/a	n/a	See table below	n/a	See table below	n/a
Infant Coastal Recreational Fishing (under age 1)	See table below	See table below	n/a	n/a	See table below	n/a	See table below	n/a
Age 65 (or older) Coastal Recreational Fishing	See table below	See table below	n/a	n/a	See table below	n/a	n/a	n/a
Disabled Veteran Coastal Recreational Fishing	\$10	\$10	n/a	n/a	See table below	n/a	n/a	n/a
Totally Disabled Coastal Recreational Fishing	\$10	\$10	n/a	n/a	n/a	n/a	n/a	n/a
Unified Sportsman/ Coastal Recreational Fishing	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Unified Inland/ Coastal Recreational Fishing License	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Unified Adult Sportsman/ Coastal Recreational Fishing (ages 12 and older)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Unified Youth Sportsman/ Coastal Recreational Fishing	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Unified Infant Sportsman/ Coastal Recreational Fishing (under age 1)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Unified Age 65 (or older) Sportsman/ Coastal Recreational Fishing	n/a	n/a	See table below	n/a	n/a	n/a	See table below	n/a
Unified Disabled Veteran Sportsman/ Coastal Recreational Fishing	n/a	n/a	See table below	n/a	n/a	n/a	See table below	n/a
Unified Totally Disabled Sportsman/ Coastal Recreational Fishing	n/a	n/a	See table below	n/a	n/a	n/a	See table below	n/a
Unified Inland/ Coastal Recreational Fishing	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Virginia Lifetime Licenses (Graduated Ages)	Saltwater Resident	Saltwater Non-Resident
Under age 2	n/a	n/a
Age 44 and under	\$276	\$500
Age 45-50	\$132	\$240
Age 51-55	\$99	\$180
Age 56-60	\$66	\$120
Age 61-64	\$35	\$60
Age 65 and older	Not required	Not required

South Carolina Lifetime Licenses (Graduated Ages)	Saltwater Resident	Saltwater Non-Resident
Senior (64 years of age or older)	\$9	n/a
Gratis (available if born on or before 7/01/1940)	Free	n/a
Disabled (totally or 70% or more disabled veteran)	Free	n/a

Georgia Lifetime Licenses (Graduated Ages)	Saltwater Resident	Saltwater Non-Resident
Under age 2	\$200	n/a
Ages 2-15	\$350	n/a
Ages 16 and older	\$500	n/a
Ages 60 and older	\$95	n/a
Ages 65 and older	Free	n/a
Veteran	\$400	n/a
Non-resident grandchild (<16 years of age)	n/a	\$1,000

Florida Lifetime Licenses (Graduated Ages)	Hunting, Freshwater, Saltwater Resident	Hunting, Freshwater, Saltwater Non-Resident	Saltwater Resident	Saltwater Non-Resident
4 years or younger	\$401.50	n/a	\$126.50	n/a
5-12 years	\$701.50	n/a	\$226.50	n/a
Ages 13 and older	\$1,001.50	n/a	\$301.50	n/a
Senior (65 years old and older)	Free	n/a	n/a	n/a
Disabled	Free	n/a	n/a	n/a



**Table 4**  
**North Carolina Commercial License Fees**

Commercial License/Permit	License/Permit?	Fee
Commercial Fishing Vessel Registration	License	\$1-6/ft
Standard Commercial Fishing License/Retired SCFL	License	\$200/100
Recreational Commercial Gear License	License	\$35
Shellfish for Residents	License	\$25
Fish Dealer License	License	\$50/300
License Replacements/Transfers	License	\$10
License to Land Flounder*	License	\$0
Land or Sell License	License	\$200 or equivalent
Ocean Fishing Pier **	License	\$.50/lf
Recreational Tournament License	License	\$100
Menhaden for Non Residents	License	\$2/ton
Spotter Plan License	License	\$100
Albemarle Sound Management Area River Herring Dealer Permit	Permit	\$0
Aquaculture Collection Permit	Permit	\$0
Aquaculture Operation Permit	Permit	\$0
Atlantic Ocean Flounder Dealer Permit	Permit	\$0
Atlantic Ocean Striped Bass Commercial Gear Permit	Permit	\$10
Black Sea Bass North of Cape Hatteras Dealer Permit	Permit	\$0
Blue Crab Shedding Permit	Permit	\$0
Depuration Permit	Permit	\$0
For Hire Fishing Permit	Permit	\$0
Horseshoe Crab Biomedical Use Permit	Permit	\$0
Monkfish Large Mesh Gill Net Permit	Permit	\$0
Pamlico Sound Gill Net Restricted Area Permit	Permit	\$0
Permit to Harvest Rangia Clams from Prohibited (Polluted) Areas	Permit	\$0
Permit to Introduce or Transfer Marine or Estuarine Organisms into the Coastal Waters of the State of N.C.	Permit	\$0
River Herring Discretionary Fishing Permit	Permit	\$0

Permit for Planting Shellfish from Prohibited (Polluted) Areas	Permit	\$0
Permit to Transplant Oysters from Seed Oyster Management Areas	Permit	\$0
Permit to Use Mechanical Gear for Harvesting Oysters and Clams on Private Shellfish Leases and Franchises	Permit	\$0
Permit to Waive the Requirement to Use Turtle Excluder Devices in the Atlantic Ocean	Permit	\$0
Pound Net Set Permit	Permit	\$0
Scientific and Educational Collecting Permit	Permit	\$0
Spiny Dogfish Dealer Permit	Permit	\$0
Striped Bass Dealer Permit	Permit	\$0
Under Dock Oyster Culture Permit	Permit	\$0
Certified Shellfish Dealers	Permit	\$0
Certified Crustacea Plants	Permit	\$0

\*License to Land Flounder is currently available at no charge. Alternative increases are arbitrary and not based on 20/50/100%

\*\* The Ocean Fishing Pier license is currently \$.50/ft and the CRFL Blanket Pier License is \$4.50/ft. This proposal combines these two licenses and bases increases on the combined fee.

**Table 5**  
**North Carolina Commercial License Fee Increases**

License/Permit	Type	Current Fee	Number sold in FY2012	FY 2012 Revenue	DMF Pro-proposed Fee Increase	Forecast Revenue	20% Fee Increase	Forecast Revenue above FY12	50% Fee Increase*	Forecast Revenue above FY12	100% Fee Increase	Forecast Revenue above FY12
Commercial Fishing Vessel Registration	L	\$1-6/ft	8,573	\$353,946	\$1.50-6.50/ft	\$458,977	\$1.20-7.20/ft	\$424,735	\$1.50/9.00/ft	\$530,919	\$2-\$16/ft	\$1,061,838
Standard Commercial Fishing License/Retired SCFL	L	\$200/100	5,640/1,121	\$1,173,143	\$300/150	\$1,860,150	\$240/120	\$1,407,772	\$300/150	\$1,759,715	\$400/200	\$3,519,429
Recreational Commercial Gear License	L	\$35	4,788	\$138,897	\$50	\$239,400	\$42	\$166,676	\$52.50	\$208,346	\$70	\$416,691
Shellfish for Residents	L	\$25	1,771	\$43,905	\$100	\$177,100	\$30	\$52,686	\$37.50	\$65,858	\$50	\$131,715
Fish Dealer License	L	\$50/300	786	\$84,691	\$75-450	\$127,037	\$60-360	\$101,629	\$75-450	\$127,037	\$100-600	\$254,073
License Replacements/Transfers	L	\$10	558	\$5,580	\$20	\$11,160	\$12	\$6,696	\$15	\$8,370	\$20	\$16,740
License to Land Flounder*	L	\$0	151	0	\$1,000	\$151,000	\$200	\$30,200	\$500	\$75,500	\$1,000	\$151,000
Land or Sell License	L	\$200 or equivalent	72	\$31,068	\$300 or equivalent	\$46,602	\$240 or equivalent	\$37,282	\$300 or equivalent	\$46,602	\$400 or equivalent	\$93,204
Ocean Fishing Pier **	L	\$.50/lf	20	\$6,762	\$5/lf	\$67,100	\$6/lf	\$80,520	\$7.50/lf	\$100,650	\$10/lf	\$134,200
Recreational Tournament License	L	\$100	25	\$2,310	\$200	\$5,000	\$120	\$2,722	\$150	\$3,465	\$200	\$6,930
Menhaden for Non Residents	L	\$2/ton	10	\$10,481	\$3/ton	\$15,750	\$2.40/ton	\$12,577	\$3/ton	\$15,750	\$4/ton	\$31,500
Spotter Plan License	L	\$100	8	\$800	\$150	\$1,200	\$120	\$960	\$150	\$1,200	\$200	\$2,400
Albemarle Sound Management Area River Herring Dealer Permit	P	\$0	19	0	\$50	\$950	\$20	\$380	\$50	\$950	\$100	\$1,900
Aquaculture Collection Permit	P	\$0	0	\$0	\$100	\$0	\$20	\$0	\$50	\$0	\$100	\$0
Aquaculture Operation Permit	P	\$0	33	\$0	\$100	\$3,330	\$20	\$660	\$50	\$1,650	\$100	\$3,300
Atlantic Ocean Flounder Dealer Permit	P	\$0	26	\$0	\$50	\$1,300	\$20	\$520	\$50	\$1,300	\$100	\$2,600
Atlantic Ocean Striped Bass Commercial Gear Permit	P	\$10	750	\$8,245	\$50	\$37,500	\$20	\$15,000	\$50	\$37,500	\$100	\$75,000
Black Sea Bass North of Cape Hatteras Dealer Permit	P	\$0	27	\$0	\$50	\$1,350	\$20	\$540	\$50	\$1,350	\$100	\$2,700
Blue Crab Shedding Permit	P	\$0	287	\$0	\$50	\$14,350	\$20	\$5,740	\$50	\$14,350	\$100	\$28,700
Depuration Permit	P	\$0	0	\$0	\$100	\$0	\$20	\$0	\$50	\$0	\$100	\$0
For Hire Fishing Permit	P	\$0	191	\$0	\$100	\$19,100	\$20	\$3,820	\$50	\$9,550	\$100	\$19,100
Horseshoe Crab Biomedical Use Permit	P	\$0	0	\$0	\$100	\$0	\$20	\$0	\$50	\$0	\$100	\$0

License/Permit	Type	Current Fee	Number sold in FY2012	FY 2012 Revenue	DMF Pro-proposed Fee Increase	Forecast Revenue	20% Fee Increase	Forecast Revenue above FY12	50% Fee Increase*	Forecast Revenue above FY12	100% Fee Increase	Forecast Revenue above FY12
Monkfish Large Mesh Gill Net Permit	P	\$0	9	\$0	\$50	\$450	\$20	\$180	\$50	\$450	\$100	\$900
Pamlico Sound Gill Net Restricted Area Permit	P	\$0	167	\$0	\$50	\$8,350	\$20	\$3,340	\$50	\$8,350	\$100	\$16,700
Permit to Harvest Rangia Clams from Prohibited (Polluted) Areas	P	\$0	0	\$0	\$100	\$0	\$20	\$0	\$50	\$0	\$100	\$0
Permit to Introduce or Transfer Marine or Estuarine Organisms into the Coastal Waters of the State of N.C.	P	\$0	18	\$0	\$100	\$1,800	\$20	\$360	\$50	\$900	\$100	\$1,800
River Herring Discretionary Fishing Permit	P	\$0	33	\$0	\$50	\$1,650	\$20	\$660	\$50	\$1,650	\$100	\$3,300
Permit for Planting Shellfish from Prohibited (Polluted) Areas	P	\$0	82	\$0	\$100	\$8,200	\$20	\$1,640	\$50	\$4,100	\$100	\$8,200
Permit to Transplant Oysters from Seed Oyster Management Areas	P	\$0	37	\$0	\$100	\$3,700	\$20	\$740	\$50	\$1,850	\$100	\$3,700
Permit to Use Mechanical Gear for Harvesting Oysters and Clams on Private Shellfish Leases and Franchises	P	\$0	30	\$0	\$100	\$3,000	\$20	\$600	\$50	\$1,500	\$100	\$3,000
Permit to Waive the Requirement to Use Turtle Excluder Devices in the Atlantic Ocean	P	\$0	0	\$0	\$50	\$0	\$20	\$0	\$50	\$0	\$100	\$0
Pound Net Set Permit	P	\$0	262	\$0	\$100	\$26,200	\$20	\$5,240	\$50	\$13,100	\$100	\$26,200
Scientific and Educational Collecting Permit	P	\$0	77	\$0	\$50	\$3,850	\$20	\$1,540	\$50	\$3,850	\$100	\$7,700
Spiny Dogfish Dealer Permit	P	\$0	32	\$0	\$50	\$1,600	\$20	\$640	\$50	\$1,600	\$100	\$3,200
Striped Bass Dealer Permit	P	\$0	84	\$0	\$50	\$4,200	\$20	\$1,680	\$50	\$4,200	\$100	\$8,400
Under Dock Oyster Culture Permit	P	\$0	17	\$0	\$100	\$1,700	\$20	\$340	\$50	\$850	\$100	\$1,700
Certified Shellfish Dealers	P	\$0	231	\$0	\$100	\$23,100	\$20	\$4,620	\$50	\$11,500	\$100	\$23,100
Certified Crustacea Plants	P	\$0	14	\$0	\$100	\$1,400	\$20	\$280	\$50	\$700	\$100	\$1,400
<b>Total</b>				<b>\$1,859,828</b>		<b>\$3,327,526</b>		<b>\$2,373,025</b>		<b>\$3,064,710</b>		<b>\$6,062,320</b>
<b>Potential Increase over FY 2012 Revenue</b>						<b>\$1,467,698</b>		<b>\$513,197</b>		<b>\$1,204,882</b>		<b>\$4,202,492</b>

\*License to Land Flounder is currently available at no charge. Alternative increases are arbitrary and not based on 20/50/100%

\*\*The Ocean Fishing Pier license is currently \$.50/ft and the CRFL Blanket Pier License is \$4.50/ft. This proposal combines these two licenses and bases increases on the combined fee.

**Table 6**  
**Various States' Commercial License Fees**  
**Resident Commercial License and Permit Fees for North Carolina, Virginia and South Carolina**

License/Permit	License/ Permit?	North Carolina License Cost	Comparable VA License Cost	Compa- rable SC License Cost	Comments/Clarifications
Basic Individual Commercial Fishing License	L	\$200 standard or \$100 retired (over 65)	\$909	\$440	NC license allows for use of all gears. In SC, basic license is \$25 but same privileges for all gears will cost a total of \$440. In Virginia the basic seafood landing license is \$190 but same privileges for all gears will total \$909 (rarely would a commercial fishermen fish all gears however). In addition, VA would charge \$8/ton (max \$996) for a menhaden purse seine license, NC only charges extra for nonresidents. VA has a two year wait for commercial licenses with many fisheries limited entry and does not allow shellfish harvest by non-residents.
Commercial Fishing Vessel Registration	L	\$1-6/lf	n/a	\$50	Virginia does not license commercial vessels separately, only via other licenses. SC commercial registrations are same as recreational: \$40 new or \$16 renewal and \$10 motor.
RCGL	L	\$35	\$88	n/a	VA license fees depend on gear: gillnet \$9, cast net \$10, dip net \$7, eel pot \$10, trotline \$10, crab pot \$36, crab pound \$6. No similar license in SC.
Shellfish for NC Residents	L	\$25	\$582	\$25-225	VA: license depends on gear: oyster hand \$10, patent tong \$35, dredge on public ground \$50, hand scrape \$50, aquaculture \$10, crew on lease \$5, Clam-hand rake \$24, dredge \$44, hydraulic dredge softshell clams \$83, patent tong double \$84, patent tong single \$58, surf clam \$124, aquaculture \$10, lease crew \$5. VA-no shellfish license available for non-residents. SC: \$75 additional for mechanical gear and \$125 for dredge but no additional cost beyond individual license for hand gear.
Fish Dealer License	L	\$50-300	\$189	\$100	VA: \$63 buyer boat or truck, \$126 place of business
License Replacements/Transfers	L	\$10	n/a	n/a	VA and SC do not allow transfers
License to Land (summer) Flounder	L	\$0	\$0	n/a	NC and VA: summer flounder license/endorsement required in addition to Land or Sell. SC has no summer flounder harvest.
Land or Sell-Non-Resident License	L	\$200 or equivalent	\$175	\$300	This is actually a nonresident license that allows out of state boats to land in the state.

License/Permit	License/ Permit?	North Carolina License Cost	Comparable VA License Cost	Compa- rable SC License Cost	Comments/Clarifications
Ocean Fishing Pier	L	\$.50/lf license + \$4.50/ft blanket	\$83 license + \$632/blanket	<100' \$150 >100' \$350	The Fisheries Reform Act established the \$.50/ft mandatory ocean pier license. The Coastal Recreational Fishing License legislation established the \$4.50/ft for the non-mandatory blanket (covers angler licensing requirements) license. Range of length and associated license fees of current ocean piers is 245-919ft (\$1,225-4,595)
Recreational Tournament License	L	\$100	\$0	\$0	
Menhaden License for Non-Residents	L	\$2/ton non-resi- dents only	\$8/ton, \$996 maximum residents only	n/a	NC: SCFL allows menhaden harvest, this license is for nonresidents. VA: license is for residents only.
Spotter Plan License	L	\$100	n/a	n/a	
Albemarle Sound Management Area River Herring Dealer Permit	P	\$0	n/a	n/a	
Aquaculture Collection Permit	P	\$0	\$0	\$0	
Aquaculture Operation Permit	P	\$0	\$0	\$25-250	
Atlantic Ocean Flounder Dealer Permit	P	\$0	n/a	n/a	
Atlantic Ocean Striped Bass Commercial Gear Permit	P	\$10	\$24-31	n/a	Va: \$31 H&L limited entry, \$24 for limited entry gill net
Black Sea Bass North of Cape Hat- teras Dealer Permit	P	\$0	\$0	n/a	
Blue Crab Shedding Permit	P	\$0	\$19	n/a	
Depuration Permit	P	\$0	\$0	\$0	
AMSA River Herring Dealer Permit	P	\$0	n/a	n/a	
For Hire Fishing Permit	P	\$0	\$190	\$150-350	VA: Guide Class A \$100, Charter boat license \$190 (6) \$5 per person. SC: (6 passengers) \$150, (>6-49) 250, (>50) \$350.
Horseshoe Crab Biomedical Use Permit	P	\$0	\$0	\$0	
Monkfish Large Mesh Gill Net Permit	P	\$0	\$0	n/a	



License/Permit	License/ Permit?	North Carolina License Cost	Comparable VA License Cost	Compa- rable SC License Cost	Comments/Clarifications
Pamlico Sound Gill Net Restricted Area Permit	P	\$0	n/a	n/a	
Permit to Harvest Rangia Clams from Prohibited (polluted) Areas	P	\$0	n/a	n/a	
Permit to Introduce or Transfer Marine and Estuarine Organisms into the Coastal Waters of the State of NC	P	\$0	\$0	\$0	
River Herring Discretionary Fishing Permit	P	\$0	n/a	\$60	SC: shad and herring permit
Permit for Planting Shellfish from Prohibited (polluted) Areas	P	\$0	\$0	\$0	
Permit to Transplant Oysters from Seed Oyster Management Areas	P	\$0	\$0	n/a	
Permit to Use Mechanical Gear for Harvesting Oysters and Clams on Private Shellfish Leases and Franchises	P	\$0	See shellfish license for gear	\$75	
Permit to Waive the Requirement to Use Turtle Excluder Devices in the Atlantic Ocean	P	\$0	n/a	n/a	
Pound Net Set Permit	P	\$0	\$41	n/a	VA: limited entry
Scientific and Educational Collecting Permit	P	\$0	\$0	n/a	
Spiny Dogfish Dealer Permit	P	\$0	\$0	\$0	
Striped Bass Dealer Permit	P	\$0	\$0	n/a	
Under Dock Oyster Culture Permit	P	\$0	n/a	n/a	

**Table 7**  
**North Carolina Vessel Registration and Titling Fees**

Vessel Transaction	North Carolina	Virginia	South Carolina	Georgia	Florida
1-Year Vessel Registration	\$15	n/a	n/a	n/a	\$12.25 for boats <12' \$23 for boats <16' \$35.50 for boats <26' \$85 for boats <40' \$134.50 for boats <65' \$159.50 for boats <110' \$196.50 for boats 110'+
3-Year Vessel Registration	\$40	\$27 for boats <16' \$31 for boats <20' \$37 for boats <40' \$45 for boats 40'+	\$39	\$15 for boats <16' \$36 for boats <26' \$90 for boats <40' \$150 for boats 40'+	n/a
Vessel Title	\$20	\$7	\$10	n/a	\$75.25

**Table 8**  
**North Carolina Vessel Registration and Titling Fee Increases**

Vessel Item	Current Fee	3-Year Average Sales	Average Revenue
1-Year Vessel Registration	\$15	28,926	\$433,890
3-Year Vessel Registration	\$40	117,191	\$4,687,640
Vessel Title	\$20	25,733	\$514,660
<b>Total Average Revenue</b>			<b>\$5,636,190</b>

Projections						
Vessel Item	Proposed Fee – 20% Increase	Projected Net Revenue	Proposed Fee – 50% Increase	Projected Net Revenue	Proposed Fee – 100% Increase	Projected Net Revenue
1-Year Vessel Registration	\$18	\$520,668	\$22.50	\$650,835	\$30	\$867,780
3-Year Vessel Registration	\$48	\$5,625,168	\$60	\$7,031,460	\$80	\$9,375,280
Vessel Title	\$24	\$617,592	\$30	\$771,990	\$40	\$1,029,320
<b>Total Projected Revenue</b>		<b>\$6,763,428</b>		<b>\$8,454,285</b>		<b>\$11,272,380</b>

Note: This projection does not take into consideration a change in the agent commission amount, which currently is a flat fee based on a transaction, and it does not take into consideration a buyer resistance factor with the proposed increase.

## APPENDIX A



### United States Department of the Interior

#### FISH AND WILDLIFE SERVICE

1875 Century Boulevard  
Atlanta, Georgia 30345

JUN 5 2012

IN REPLY REFER TO:  
FWS/R4/WSFR

Dr. Louis B. Daniel III, Director  
Division of Marine Fisheries  
North Carolina Department of Environment  
and Natural Resources  
Post Office Box 769  
Morehead City, North Carolina 28557-0769

Dear Dr. Daniel:

This responds to your letter dated May 22, 2012, requesting our analysis of proposals in Senate Bill 821 (S.B. 821) to be introduced in Session 2011-2012 of the General Assembly of North Carolina. The proposed title of S.B. 821 is *"An Act to Direct the Director of the Division of Marine Fisheries [NCDMF] of the Department of the Environment and Natural Resources and the Executive Director of the Wildlife Resources Commission [NCWRC] to Jointly Study Fees Associated with the Issuance of Coastal Fishing Licenses and the Numbering and Titling of Vessels."* The short title of S.B. 821 is *"Study Coastal Fishing & Boating License Fees."*

Specifically, you requested our assessment of the proposed law, which if enacted, may require your Division of Marine Fisheries to fund the expenses for dredging and maintenance of the State's coastal inlets using fishing license revenue, and if this mandate would be considered a diversion of license revenues. In response to your request, we have evaluated the language in S.B. 821 and the proposed actions, using the following regulations: (1) your assent legislation covered under North Carolina G. S. 113-175.1 entitled "North Carolina Marine Resources Fund", G. S. 113-175.5 entitled "North Carolina Marine Resources Endowment Fund", and G. S. 113-307.1 entitled "Legislative assent to specific federal acts"; and (2) the Wildlife and Sport Fish Restoration Grant Program's (WSFR Grant Program) enabling legislation and the respective definitions, as found under Title 50 Part 80 of the Code of Federal Regulations (50 CFR 80), entitled "Administrative Requirements, Pittman-Robertson Wildlife Restoration and Dingell-Johnson Sport Fish Restoration Acts (the Acts)."

After a careful review of S. B. 821, we have determined that the proposed language under the Bill Title ("An Act to Direct the Director[s]...") and Section 2 conflicts with 50 CFR 80.11. It is our understanding that license revenue will be the required funding source. Based on our interpretation, this action would constitute a loss of control of license revenue by the Directors of the NCDMF and NCWRC. 50 CFR 80.11 clarifies that a State becomes ineligible to receive the benefits of the Acts if it "... (c) Diverts hunting and fishing license revenue from: (1) the control of the State fish and wildlife agency"...

We also reviewed your request for our determination on the proposed legislative mandate to the Directors of the NCDMF and NCWRC to fund dredging and maintenance activities of the State's coastal inlets. If the intention of the Bill is for the dredging and maintenance activities to be funded using fishing license revenues, we believe this action would also be considered a diversion of fishing license revenue. In accordance with current applicable laws and statutes, any decisions to fund dredging activities using license revenue are to be made independently by the NCDMF Director or NCWRC Executive Director. Legislation mandating NCDMF or NCWRC to fund dredging would constitute a loss of control of fishing license revenues, thus rendering the State ineligible to receive the benefits of the Acts.

In summary we believe the proposed North Carolina S.B. 821 may violate Federal Wildlife and Sport Fish Restoration Program regulations by diverting the fishing license revenues from the control of the NCDMF and the NCWRC. If any State legislation causes the NCDMF and NCWRC to divert license revenue from G. S. 113-175.1, G. S. 113-175.5, or G. S. 113-307.1 from the control of its fish and wildlife agency, it violates the requirements of 50 CFR 80.10. Failure by the State to maintain control of license revenues could potentially result in future grant program funds not being available to the NCDMF and the NCWRC. Moreover, 50 CFR 80.11 states that "A State could become ineligible to receive the benefits of the Acts if it:...(b)...passes legislation contrary to the Acts...".

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Please contact me at (404) 679-4154 if you have any questions or need additional information.

Sincerely yours,



Michael L. Piccirilli  
Chief – Wildlife and Sport Fish Restoration Program