

Department of Planning and Budget

2001 Fiscal Impact Statement

1. Bill Number HB2484

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Bloxom

3. Committee Chesapeake and Its Tributaries

4. Title Marine Patrols Fund & Marine Habitat and Waterways Improvement Fund

- 5. Summary/Purpose:** The bill provides for the transfer of a portion of the two percent sales and use tax collected from the sale of fishing and auxiliary fishing equipment purchased for saltwater use to be deposited into the Marine Patrols Fund at the Marine Resources Commission. The amount to be deposited is determined by multiplying a ratio, the numerator of which is the number of saltwater fishing days for the immediately preceding year and the denominator of which is the number of saltwater and freshwater fishing days for the same year, by the total amount of the two percent sales and use tax collected in the state on all fishing and auxiliary fishing equipment for that year. The remaining amount is deposited into the Game Protection Fund. Currently, all of such revenues are deposited into the Game Protection Fund at the Department of Game and Inland Fisheries (DGIF).

6. Fiscal Impact Estimates are:

Marine Resources Commission

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2000-01			
2001-02	\$1,030,754	0.00	NGF
2002-03	\$1,030,754	0.00	NGF

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2000-01			
2001-02	1,030,754	0.00	NGF
2002-03	1,030,754	0.00	NGF

Department of Game and Inland Fisheries

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2000-01			
2001-02	(1,030,754)	0.00	NGF
2002-03	(1,030,754)	0.00	NGF

7. **Budget amendment necessary:** Yes, Item 426. A budget amendment is needed to increase MRC's nongeneral fund appropriation. An appropriation reduction to DGIF's operating budget is not needed because the split between operating and capital budget is unknown at this time.

8. **Fiscal implications:**

Affect of the proposed legislation on the Marine Resources Commission (MRC): MRC, with its 69 Marine Patrol Officers, is responsible for enforcing the recreational saltwater and commercial fishing laws. With the exception of a small amount (\$116,929) from the Commonwealth Transportation Fund, all of MRC's law enforcement related expenses are paid from the general fund. For FY 2002, MRC is appropriated \$4.76 million of general funds for its law enforcement related expenses. If this proposed legislation is passed, the additional funding will be used to enhance marine patrol activities and to address critical equipment needs.

Affect of proposed legislation on the Department of Game and Inland Fisheries (DGIF): The redistribution of HB 38 funding as proposed in this legislation would result in an annual decrease of \$1,030,754 to the Game Protection Fund beginning in FY 2002. As presently computed the deposit to the Game Protection Fund in FY 2002 will increase from \$9.2 million to \$12.3 million. (See Table below.) If this proposed legislation is passed, beginning in FY 2002, rather than receiving an increase of \$3.1 million over the FY 2001 level, DGIF will rather receive an increase of \$2 million.

<u>Agency</u>	<u>FY 2001</u>	<u>FY 2002</u>	
		<u>Current</u>	<u>Proposed</u>
DGIF	\$9,199,979	\$12,266,639	\$11,235,885
MRC	\$0	\$0	\$1,030,754
TOTAL	\$9,199,979	\$12,266,639	\$12,266,639

DGIF estimates that over the next 10 years \$60 million will be required to address its capital needs. Additionally, as a 100 percent nongeneral funded agency, all General Assembly authorized pay increases must be funded from nongeneral fund revenues.

9. **Specific agency or political subdivisions affected:** Department of Game and Inland Fisheries, Marine Resources Commission

10. **Technical amendment necessary:** No

11. **Other comments:** Item 421 of Chapter 912, the 1996 Appropriation Act, directed the Auditor of Public Accounts (APA) to examine the current and projected revenue needs of DGIF. In its report dated October 31, 1996, the APA concluded that "[DGIF] does not have the revenue capacity to reserve either a portion of its current or projected revenues to meet the Department's capital and cash flow needs." The conclusion of the APA's report goes on to say, "Internal [DGIF] projections anticipate an operating deficit in fiscal year 1999, if Game and Inland Fisheries continues to operate at current levels."

HB38 was developed through a legislative multi-year process that involved an extensive review of the financial situation of DGIF (House Document Number 86, 1998). HB 38 was approved by the legislature with the understanding that without it the agency would go into negative spending, or have to cut programs and/or personnel. HB 38 also addressed a dire infrastructure need, as well as a constituency involved in watchable wildlife recreation. As a result of HB 38, DGIF has been able to maintain and continue its existing level of programs and activities and to attend to its capital project needs.

HB 38 (Chapter 320 of the 1998 Acts of Assembly) directs the transfer, up to \$13 million annually, of the sales and use tax collected on the sale of hunting, fishing, and wildlife-associated equipment to the DGIF's Game Protection Fund beginning in FY 2001. The basis for the calculation is the most recent U.S. Department of the Interior, Fish and Wildlife Service and U.S. Department of Commerce, Bureau of the Census National Survey of Fishing, Hunting, and Wildlife-Association Recreation. For FY 2001, DGIF will receive \$9.2 million; in FY 2002, \$12.3 million. Section 29.1-101.01 of the Code of Virginia creates the Capital Improvement Fund in DGIF and authorizes the use of up to 50 percent of the annual HB 38 revenue for the purchase, construction, maintenance, or repair of the department's capital assets. The balance of the annual HB 38 revenue is retained in the Game Protection Fund and used to fund departmental operations (§58.1-638 E, Code of Virginia).

This bill is the same as SB 851.

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cc: Secretary of Natural Resources

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