

## Department of Planning and Budget 2013 Fiscal Impact Statement

**1. Bill Number:** HB1400

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

**2. Patron:** Ransone, M. B.

**3. Committee:** Finance

**4. Title:** Oyster replenishment tax; penalties

- 5. Summary:** This bill reorganizes, clarifies, and renames the oyster replenishment tax system as a system of oyster resource user fees. As such, the bill replaces the former price-based replenishment tax with a volume-based oyster resource user fee, specifying that no harvester shall pay more than one such fee per year. The bill removes the exemption from licensing requirements for an oyster grounds leaseholder, distinguishes from other fees the license fee to be paid by a person who buys from the catcher oysters caught from the public grounds, simplifies the description of the fisheries data that harvesters and others are required to record, simplifies the prohibition on carrying oysters out of state without a permit, and removes certain oyster inspection tax provisions. In addition, the bill changes the title of the Public Oyster Rocks Replenishment Fund to the Oyster Replenishment Fund. The bill also makes technical amendments.

The amended version of the bill, passed by the House, provides that any harvester shall pay only one oyster resource user fee per year for oyster gear used under clause (ii) of subsection A of § 28.2-541, Code of Virginia.

**6. Budget Amendment Necessary:** No. See #8.

**7. Fiscal Impact Estimates:** Preliminary. See #8.

**7a. Expenditure Impact:** None.

**7b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2013	n/a	n/a
2014	\$300,000	Special Revenue
2015	\$300,000	Special Revenue
2016	\$300,000	Special Revenue
2017	\$300,000	Special Revenue
2018	\$300,000	Special Revenue
2019	\$300,000	Special Revenue

- 8. Fiscal Implications:** According to the Marine Resources Commission (MRC), this bill, which replaces the oyster replenishment tax system with a system of oyster resource user fees, will not have a significant expenditure impact on agency operations.

The bill establishes oyster resource user fees for oyster harvesters, shucking houses, oyster buyers, and commercial aquaculture operations. In addition, the bill establishes a separate license requirement for any person purchasing catcher oysters caught from the public grounds of the Commonwealth or Potomac River.

Currently, revenue collected for deposit to the Public Oyster Rocks Replenishment Fund comes from two taxes: the Inspection Tax and the Replenishment Tax. According to MRC's nongeneral fund estimates, the two taxes generate approximately \$150,000 per year. This proposal removes the two taxes and implements a system of user fees. Under the oyster user fee system, estimated revenue for the Oyster Replenishment Fund is summarized in the table below:

Type	Estimated Revenue
Harvester	\$181,400
Shucking Houses	\$43,000
Oyster Buyer's	\$20,000
Aquaculturists	\$37,800
<b>Total</b>	<b>\$282,200</b>

MRC utilized 2011 license data to calculate these figures. The agency believes that the total revenue collected from the oyster user fee system will not exceed \$300,000 per year. The agency's nongeneral fund appropriation for the Public Oyster Rocks Replenishment Fund is \$100,000 for FY 2013 and FY 2014. This appropriation may be increased administratively in FY 2014 if the oyster user fee system is adopted.

- 9. Specific Agency or Political Subdivisions Affected:** Virginia Marine Resource Commission.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** MRC convened a panel to examine the current oyster replenishment tax system at the request of Delegate Ransone. The panel was composed of commercial oyster harvesters, packers, shippers, aquaculturists, private leaseholders, and representatives of the Virginia Seafood Council and Virginia Shellfish Growers. The panel recommended the establishment of the Oyster User Resource Fee system in a report prepared August 2012.

**Date:** 1/21/13

**Document:** G:\Legislation\2013 Session\FIS\HB1400E.docx