

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

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BILL NUMBER: House Bill 1295

SHORT TITLE: Boat Fuel Tax for Boats

SPONSOR(S): Representative Michael Wilkins

FISCAL IMPACT: Expenditures: Increase (X) Wildlife Decrease ()
 Revenues: Increase () Wildlife Decrease (X) HF/HTF
 No Impact ()
 No Estimate Available ()

FUND AFFECTED: General Fund () Highway Fund (X) Local Govt. ()
 Other Funds (X) Highway Trust Fund; Wildlife Resources Fund

BILL SUMMARY: This act annually credits to the Wildlife Resources Fund and amount equal to the motor fuel tax paid on gasoline used in boats in the previous fiscal year minus any refunds to boat owners.

The Wildlife Resources Commission will use 1/7 of the funds to continue their boat access and water safety activities. The remainder will be used for a grants program to 1) acquire, construct and renovate boating facilities, related recreational facilities, and lake administration facilities, and 2) control aquatic weeds. State, federal and local government entities, lake authorities, and nonprofit organizations may apply for the grants.

EFFECTIVE DATE: July 1, 1996

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: Wildlife Resources Commission

FISCAL IMPACT (\$)

	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u> 1999-00	<u>FY</u> 2000-01
REVENUES:					
HIGHWAY FUND	(3,738,280)	(3,871,017)	(4,012,199)	(4,162,395)	(4,304,959)
HIGHWAY TRUST FUND	(1,625,262)	(1,680,050)	(1,738,329)	(1,800,329)	(1,858,887)
Wildlife Res. Fund	5,363,543	5,551,067	5,750,528	5,962,724	6,163,846
EXPENDITURES:					
Wildlife Res. Comm.	5,363,543	5,551,067	5,750,528	5,962,724	6,163,846

POSITIONS: The Wildlife Resources Commission may use 1% of the revenue credited to the Wildlife Resources Fund to administer the new grants program.

ASSUMPTIONS AND METHODOLOGY: The North Carolina Wildlife Resources Commission currently receives 1/6 of 1% of the motor fuels tax for use in boat access acquisition, development, and maintenance, and boating safety (G.S. 105-449.126). This tax provision provides the Commission \$905,921 in FY 1995-96. HB 1295 deletes this provision and replaces it with a credit to the Wildlife Resources Fund equal to the tax on .83% of the gallons of gasoline sold in the previous fiscal year minus any tax refunds to boaters.

Price Waterhouse conducted a National Recreational Boating Survey in 1990 and 1991 on behalf of the U.S. Coast Guard and the U. S. Fish and Wildlife Service. The survey included both gasoline and diesel fuel used for recreational purposes in all types of motorized watercraft (motorboats, sailboats with auxiliary motors, canoes and row boats with motors, and jet-skis). A random sample of registered motorboat owners was asked by telephone and mail how much fuel they purchased for recreational boating. The surveyed boaters were also asked where they purchased their fuel and where they boated. A small sample was asked to keep diaries of fuel purchases.

Price Waterhouse estimated that the 279,000 motorboats registered in North Carolina for recreational boating from December 1, 1990 to November 30, 1991 used an estimated 28,557,000 gallons of fuel. Approximately 94% of the fuel used in this period was gasoline (26,843,580 gallons).

The taxable gasoline gallonage for the 1990 and 1991 time period was 3,228,550,441. Dividing the Price-Waterhouse estimate of gasoline consumed by boats by the total taxable gasoline gallonage yields a .83% ratio. Applying the .83% to the FY 1994-95 taxable gallonage gives a boating gallonage of 29,488,235. The following method can be used to determine the amount to be set aside for a new grant program.

<p>3,552,799,407 <u>x . 83%</u> 29,488,235 <u>x \$.22</u> \$6,487,412 <u>- 167,180</u> \$6,320,232 <u>- 902,890</u> \$5,417,342</p>	<p>latest fiscal year gas gallonage (FY94-95) ratio of boat use gallons to total gallons boating gas gallonage average fuel tax rate (1995-96) tax refunds to boaters (FY 94-95) 1/7 of total goes to WRC for boat access & safety amount available for grants (FY 95-96)</p>
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To protect the programs the Wildlife Resources Commission currently funds from the motor fuels tax, it was determined that 1/7 of the funds proposed by this bill was an amount equivalent to the 1/6 of 1% of the motor fuels tax.

Several factors were used to project the amount transferred to the Wildlife Resources Fund over the next five years. First, the growth in the

consumption of motor fuels is projected by the Office of State Budget and Management(OSBM) to increase 2.3% to 3% each year (see chart). Over the last four years, consumption growth equaled 2.29%. OSBM also predict gas prices will be relatively flat over the five year period. Refunds to boaters are expected to stay at \$175,000 each year unless more is done to promote the refund program.

SOURCES OF DATA: 1990 National Recreational Boating Survey (conducted by Price Waterhouse for U.S. Coast Guard and the U.S. Fish and Wildlife Service); Arizona State Parks Board; N.C. Dept. of Revenue, Motor Fuels Tax Div.; and the Wildlife Resources Commission

TECHNICAL CONSIDERATIONS:

Several states have dedicated a percentage of their motor fuels tax to boating funds.

Maine dedicates 2% of its gasoline tax, not to exceed \$2 million, to water activities. 20% of the funds go the Commissioner of Marine Resources for projects to benefit commercial and sports fisheries. The other 80% of the money goes to the Boating Facilities Fund in the Maine State Bureau of Parks and Recreation.

Minnesota credits 1.5% of the gasoline tax to a water recreation account that is used for acquisition, development, maintenance and rehabilitation of sites for public access and boating facilities on public waters; lake and river improvement; state park development; and boat and water safety .

Michigan uses 1.6% of the motor fuels tax for water activities.

d)Arizona uses a portion of its motor fuels tax to fund a State Lake Improvement Fund.

FISCAL RESEARCH DIVISION

733-4910

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