

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: House Bill 1448 (Third Edition)

SHORT TITLE: 1998 Marine Fisheries Amendments

FISCAL IMPACT

Yes (x)	No ()	No Estimate Available ()		
<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>

REVENUES Up to \$2,425 annually beginning with FY 1999-00

EXPENDITURES No Significant Fiscal Impact

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Department of Environment and Natural Resources, Division of Marine Fisheries, Marine Fisheries Commission

EFFECTIVE DATE: Various

BILL SUMMARY:

FIRST EDITION: Makes numerous changes to marine fisheries law. Revises (in parts I through III of act) GS 143B-289.52, GS 113-182.1, and GS 113-221(e) concerning authority of Marine Fisheries Commission to adopt rules, prepare fishery management plans, and enforce proclamations issued by Fisheries Director. Revises (in part IV of act) several statutes on fishing licenses, including the provisions in GS 113-154.1 on endorsements to sell fish and GS 113-168.4 on persons authorized to sell fish; the definitions in GS 113-168 concerning coastal and estuarine commercial fishing licenses; the general provisions in GS 113-168.1 on obtaining licenses and endorsements; the provisions in GS 113-168.2 on obtaining, assigning, and transferring standard commercial fishing licenses (SCFLs) and GS 113-168.5 on license endorsements for SCFLs; the provisions in GS 113-168.3 on transferring retired standard commercial fishing licenses (RSCFLs); the vessel registration provisions in GS 113-168.6; and the provisions in GS 113-169, 113-169.2, 113-169.2 on menhaden, shellfish, and fish dealer licenses. Also adds new GS 113-260 containing procedure for appointment of NC members to Mid-Atlantic Fishery Management Council; and establishes SCFL Eligibility Board, consisting of Secretary of Environment and Natural Resources, Fisheries Director, and chair of Marine Fisheries Commission (or their designees) to determine eligibility for SCFLs. Provides (in part V

of act) that every agency to which act applies must adopt rules to implement act. Parts I through III and V are effective when they become law; the various sections of part IV become effective as specified in the act. ¹

SECOND EDITION: House committee substitute makes the following changes to 1st edition. Amends GS 143B-289.52, to authorize the Marine Fisheries Commission to regulate participation in a fishery that is subject to any federal fishery management plan imposing quotas on the state and to issue licenses under specified conditions. Amends GS 113-208(a) and 113-268 to make violation of these provisions a Class A1 (now, Class 2) misdemeanor. Provides that persons 65 years or older and eligible for a standard commercial fishing license (SCFL) may apply for either a SCFL or retired standard commercial fishing license. Deletes changes to 1993 SL, Chapter 576. Makes other technical changes. ²

THIRD EDITION: House Finance committee substitute makes the following changes to the 2nd edition: Requires all licensees to apply for replacement license within 30 days of change of address or licensee name. Authorizes the Marine Fisheries Commission to establish replacement license fees of up to \$10.00 to compensate the division for administrative costs associated with issuing replacements. Limits provision governing the unlawful purchase, possession, and sale of fish to fish dealers. Makes additional clarifying change. ³

ASSUMPTIONS AND METHODOLOGY:

REVENUES:

The bill authorizes the Marine Fisheries Commission to establish a replacement fee for lost, stolen or destroyed licenses, including endorsements. The fee charged may not exceed \$10.00 and shall be set by the commission to compensate the division for associated administrative costs.

Currently, the Division of Marine Fisheries charges \$5.00 to replace vessel licenses and related endorsements to sell that are either destroyed or unreadable. In addition, the division routinely provides copies of its license receipts to replace lost licenses until a new one can be issued for the next license year. Such "certified copies" are currently provided free of charge.

The division issued a total of 30,964 commercial fishing licenses and vessel endorsements during the 1997-98 fiscal year. Of these, 115 were either destroyed or unreadable and replaced for a \$5.00 fee or total replacement fee revenue of \$575.00. Certified copies were issued for another 192 licenses that were reported lost during the fiscal year.

The division is unsure how many of each type of license will be issued under the new license system effective July 1, 1999, but does not anticipate a dramatic increase in the total number of

¹ *Daily Bulletin*, Institute of Government, UNC-Chapel Hill, Vol. 1998, May 25, 1998.

² *Daily Bulletin*, Institute of Government, UNC-Chapel Hill, Vol. 1998, July 29, 1998.

³ Memorandum to House Committee on Finance from Jeff Hudson, House Environment Committee Counsel, August 11, 1998.

licenses issued. Unless the division must issue a substantial number of licenses as a result of the requirement that a replacement be issued within 30 days of a change in the licensee's name or address, the division is not likely to experience a significant change in the number of replacement licenses issued.

The proposal to allow the Marine Fisheries Commission to establish the fee ties the amount of the fee to the costs associated with administering replacement license requests. The division is considering issuing photo identification cards under the new licensing system to reduce fraud. The picture ID licenses are expected to cost more to replace than current licenses. Assuming the division continues to replace approximately 300 licenses each year, and the commission sets the replacement fee at \$10.00, the maximum allowed, the division would receive an additional \$2,425.00 per year in license revenues (relative to current replacement fee receipts of \$575.00).

EXPENDITURES:

Effective July 1, 1999, the 1997 Fisheries Reform Act (Chapter 400, 1997 Session Laws) establishes a new Standard Commercial Fishing License (SCFL) which will be available only to persons holding a valid endorsement to sell fish on July 1, 1999 (the bill proposes to change this date to June 30, 1999). In addition, up to 500 additional SCFLs may be available for distribution by lot to new entrants or persons not otherwise eligible for a SCFL.

According to the Division of Marine Fisheries the bill is not expected to have a significant fiscal impact unless a clerical position is needed to support the SCFL Eligibility Board established in Section 4.24. The board is to consist of three members and is responsible for determining the eligibility of an applicant for a commercial fishing license relative to the eligibility criteria adopted by the Marine Fisheries Commission.

The Division of Marine Fisheries currently provides administrative support to the Appeals Panel established in 1994 to review petitions for the issuance of fishing licenses under the license moratorium in effect since July 1, 1994. The division is currently seeking a Processing Assistant III position at an annual cost of \$29,738 for the Appeals Panel through the Governor's 1998 Recommended Expansion Budget and expects this position to support the SCFL Eligibility Board beginning with the 1999-2000 fiscal year. In 1994 the General Assembly appropriated \$10,000 to cover the panel's expenses. Although, the division has paid operating expenses in excess of the appropriation with existing resources since the panel was established, it is uncertain whether the Eligibility Board established in this bill will experience a comparable workload and carry out its responsibilities in a manner similar to the Appeals Panel, thereby requiring permanent staff support and additional operating support.

Demand for the SCFL is somewhat unknown. Petitions for licenses heard by the Appeals Panel have declined since the first year of the moratorium. The panel reviewed 369 petitions in FY 94-95, 377 in FY 95-96, 301 in FY 96-97 and 178 through October of the 1997-98 fiscal year. In addition, petitions heard by the Appeals Panel include persons seeking a commercial license for the sole purpose of using commercial gear, not to derive income from the sale of fish. Those persons will be able to purchase a new Recreational Commercial Gear License (RCGL) and likely will not apply for a SCFL. If demand is low, the Eligibility Board will not have many applications to review.

The Appeals Panel currently holds two meetings each month to hear petitions for commercial fishing licenses, but the Eligibility Board does not necessarily have to use a "hearing" format to determine eligibility for the lot. Depending on the eligibility criteria established by the commission, the Eligibility Board may be able to expedite consideration of applicants relative to the process used by the Appeals Panel.

Until there is a better indication of the actual level of demand for SCFLs through the new license pool process and the operating needs of the Eligibility Board are more clearly defined based on the eligibility criteria as adopted by the Marine Fisheries Commission, it is anticipated that the division can continue to provide staff support from existing resources.

TECHNICAL CONSIDERATIONS: none

FISCAL RESEARCH DIVISION

733-4910

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