



NORTH CAROLINA GENERAL ASSEMBLY

2025 Session

Legislative Fiscal Note

Short Title: Shrimp Trawling Transition Program/Fees.
Bill Number: House Bill 441 (Second Edition as amended)
Sponsor(s):

SUMMARY TABLE

FISCAL IMPACT OF H.B. 441, V.2 as amended (\$ in millions)

	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>
State Impact					
Special Fund Revenues	-	-	-	-	-
<u>Less Expenditures</u>	=	=	=	=	=
Special Fund Impact	Likely Insignificant Budget Savings - Refer to Fiscal Analysis section				

NET STATE IMPACT

No Fiscal Impact

FISCAL IMPACT SUMMARY

The bill creates a transition payment program for eligible shrimp trawlers and increases commercial and recreational fishing licenses to cover the costs. Fishing license revenue is receipted into special funds at DEQ. Additional license revenue will exceed the total cost of the program by \$180,161, resulting in a special fund cash balance of that amount in FY 2028-29. There is no impact to the General Fund.

FISCAL ANALYSIS

Transition Payment Program

Section 1 of the bill establishes a transition payment program for eligible shrimp trawlers. The program will provide annual payments for three years to people who held a standard or retired standard commercial fishing license between January 1, 2023 and June 30, 2025 and submitted trip tickets for shrimp caught with a trawl net in any inshore waterbody during the same time period. Payments will be calculated by taking the average monthly value of the eligible trip tickets multiplied by 12, plus \$180.

The transition program will provide at least \$180 to eligible license holders. The following table shows the number of standard commercial fishing license holders (SCFL) and retired standard commercial fishing license holders (RSCFL) in FY 2024-25 by residency status who reported landing shrimp from trawls by location.



Standard and Retired Standard Commercial Fishing License (SCFL/RSCFL) Holders Reporting Shrimp from Trawls by Residency Status and Location FY 2024-25		
Residency/Area	License Holders	Licensees Reporting Shrimp
Inshore		111
Ocean		45
Both		70
Resident Subtotal	4,862	226
Inshore		1
Ocean		8
Both		1
Non-Resident Subtotal	103	10
Grand Total	4,965	236

The bill will allow anyone who applies to the program to receive at least \$180 dollars. If all shrimp trawlers apply, the amount of the payout for this portion of the program will be \$42,480 (236 license holders reporting shrimp from trawls times \$180) annually for each of the three years of the program.

The following table shows the value of shrimp landings reported from July 1, 2022 to June 20, 2024 (data for July 1, 2024 to June 30, 2025 are not available) by resident or non-resident, and by location.

Value of Shrimp Landings by Residency Status and Location FY 2022-23 to FY 2023-24			
Residency/Area	FY 2022-23	FY 2023-24	Average
Inshore	\$798,429	\$709,481	\$753,955
Ocean 0-3 Miles	\$219,022	\$798,526	\$508,774
Ocean >3 Miles	\$0	\$0	\$0
Both (Inshore/Ocean)	\$7,655,082	\$12,459,587	\$10,057,335
Resident Subtotal	\$8,672,533	\$13,967,595	\$11,320,064
Inshore	***	\$0	\$0
Ocean (0-3 and >3)	\$80,406	\$803,149	\$441,777
Both (Inshore/Ocean)	\$130,544	\$258,572	\$194,558
Non-Resident Subtotal	\$210,950	\$1,061,721	\$636,335
Grand Total	\$8,883,483	\$15,029,316	\$11,956,399
*** Data are confidential since fewer than three people reported landings. The value is rolled into the "Both" category.			

Transition payments will be calculated based on the value of landings from inshore trawling. The Department of Environmental Quality (DEQ) estimates that for the category reporting both inshore and ocean catch, 59% of the catch was caught inshore. The following table applies this percentage to the "Both" category for resident and non-resident to estimate the value of shrimp caught inshore.

Estimate Value of Inshore Shrimp Landings by Residency Status and Location FY 2022-23 to FY 2023-24			
Residency/Area	FY 2022-23	FY 2023-24	Average
Inshore	\$798,429	\$709,481	\$753,955
Ocean 0-3 Miles	\$219,022	\$798,526	\$508,774
Ocean >3 Miles	\$0	\$0	\$0
Both (Inshore/Ocean)	\$7,655,082	\$12,459,587	\$10,057,335
<i>Est. Inshore (59%)</i>	<i>\$4,516,499</i>	<i>\$7,351,156</i>	<i>\$5,933,827</i>
Resident Subtotal	\$8,672,533	\$13,967,595	\$11,320,064
Inshore	***	\$0	\$0
Ocean 0-3 Miles	\$80,406	\$0	\$40,203
Ocean >3 Miles	\$0	\$0	\$0
Ocean (0-3 and >3)	\$80,406	\$803,149	\$441,777
Both (Inshore/Ocean)	\$130,544	\$258,572	\$194,558
<i>Est. Inshore (59%)</i>	<i>\$77,021</i>	<i>\$152,557</i>	<i>\$114,789</i>
Non-Resident Subtotal	\$210,950	\$1,061,721	\$636,335
Grand Total	\$8,883,483	\$15,029,316	\$11,956,399
*** Data are confidential since fewer than three people reported landings. The value is rolled into the "Both" category.			

The following table provides the average value of shrimp caught inshore.

Average Estimated Value of Inshore Shrimp Landings by Residency Status and Location FY 2022-23 to FY 2023-24			
Residency/Area	FY 2022-23	FY 2023-24	Average
Inshore	\$798,429	\$709,481	\$753,955
59% of Both	\$4,516,499	\$7,351,156	\$5,933,827
Resident Subtotal	\$5,314,928	\$8,060,638	\$6,687,783
Inshore	***	\$0	\$0
59% of Both	\$77,021	\$152,557	\$114,789
Non-Resident Subtotal	\$77,021	\$152,557	\$114,789
Grand Total	\$5,391,948	\$8,213,195	\$6,802,572
*** Data are confidential since fewer than three people reported landings. The value is rolled into the "Both" category.			

Based on these calculations, the estimated average annual value of shrimp caught inshore is \$6.8 million.

The estimated total cost of the transition program is \$6,845,052 each year of the three-year program (\$42,480 cost of \$180 payouts plus \$6,802,572 estimated value of shrimp).

To the extent that the number of applicants is greater or the value of shrimp caught is higher than the estimated average, the payout amount may be understated. However, Section 1(a) of the bill allows DEQ to use up to \$2 million annually from the cash balance of the North Carolina Marine Resource Endowment



Fund to address shortfalls in making program payments. Further, Section 1(d)(2) of the bill directs DEQ to pay out a pro rata share of the funds available if the total of program payments calculated is greater than the amount of funds available.

License Fee Changes

Section 2 of the bill establishes fee increases for a variety of commercial and recreational coastal licenses to fund the transition payment program. These fee increases are estimated to generate an additional \$6.7 to \$7.1 million in revenue annually. These fee increases are temporary and will begin July 1, 2025, and expire June 30, 2028.

The following table provides a summary of all coastal license and fee changes in the bill.

Standard Coastal Recreational Fishing License (CRFL) Changes	Current Fee	New Fee
10 Day CRFL, Nonresident	\$14.00	\$25.00
10 Day CRFL, Resident	\$8.00	\$12.00
Annual CRFL, Nonresident	\$38.00	\$65.00
Annual CRFL, Resident	\$19.00	\$28.00
Annual Unified Inland Fishing/CRFL ¹	\$49.00	\$58.00
Annual Unified Sportsman with CRFL ²	\$82.00	\$91.00
Commercial Fishing License and Registration Changes	Current Fee	New Fee
Standard Commercial Fishing License (SCFL), Resident	\$400.00	\$580.00
SCFL, Nonresident ³	\$1,086.50	\$2,000.00
Retired Standard Commercial Fishing License (RSCFL), Resident	\$200.00	\$290.00
RSCFL, Nonresident	\$260.00	\$475.00
Land or Sell License	\$400.00	\$600.00
Shellfish License, Resident	\$50.00	\$75.00
Fish Dealer License, Resident	\$100.00	\$150.00
Commercial Fishing Vessel Registration (CFVR), 0-18ft	\$1.25	\$1.80
CFVR, 19-38ft	\$1.90	\$2.75
CFVR, 39-50ft	\$3.75	\$5.50
CFVR, +50ft	\$7.50	\$11.00
Recreational Commercial Gear License (RCGL), Resident	\$70.00	\$100.00
RCGL, Nonresident	\$500.00	\$900.00
Other Fee Changes	Current Fee	New Fee
For-Hire Non-Blanket Vessel CRFL, Resident	\$25.00	\$36.00
For-Hire Non-Blanket Vessel CRFL, Nonresident	\$37.50	\$70.00
For-Hire Blanket Vessel CRFL (6 or fewer passengers), Resident	\$250.00	\$350.00
For-Hire Blanket Vessel CRFL (6 or fewer passengers), Nonresident	\$312.50	\$575.00
For-Hire Blanket Vessel CRFL (7 or more passengers), Resident	\$350.00	\$500.00
For-Hire Blanket Vessel CRFL (7 or more passengers), Nonresident	\$437.50	\$800.00
For-Hire Captain's CRFL (6 or fewer passengers), Resident	\$250.00	\$350.00
For-Hire Captain's CRFL (6 or fewer passengers), Nonresident	\$312.50	\$575.00
For-Hire Captain's CRFL (7 or more passengers), Resident	\$350.00	\$500.00
For-Hire Captain's CRFL (7 or more passengers), Nonresident	\$437.50	\$800.00
Blocks of 10 Day CRFLs	\$150.00	\$215.00

¹ Revenue from these sales are split between the Wildlife Resources Commission (WRC) and the Division of Marine Fisheries (DMF). The full license fee is \$49 and DMF currently receives \$19 of each sale equal to the portion of the CRFL fee. The new fee sets DMF's portion at \$28 per license sale.

² Revenue from these sales are also split between WRC and DMF. While the full license fee is \$82, DMF receives \$19 for the CRFL portion of the joint license and with the new fee will receive \$28 per license sale.

³ Nonresident fees are based on the home state of the individual nonresident. The fee equals the amount a nonresident individual's home state would charge an NC resident to commercially fish in their coastal waters; for example, a nonresident from Virginia would be charged \$1,248 for their SCFL, equal to Virginia's out-of-State fee. The floor for this fee is currently \$400 and this change would increase it to \$2,000. The current fee shown is an average of the fees charged for Virginia and South Carolina residents.

To estimate the revenue from fee increases, a five-year history was collected from DEQ's License and Statistics 2024 Annual Report. The following tables show the actual number of licenses purchased by category, and calculate the five-year change for each type.

Coastal Recreational Fishing License (CRFL) Purchase History

License Type	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	5-year change
10 Day CRFL, Nonresident	134,368	140,063	160,879	146,398	135,342	0.18%
10 Day CRFL, Resident	44,724	48,879	45,931	43,685	39,645	-2.97%
Annual CRFL, Nonresident	22,488	25,740	27,161	26,266	26,668	4.35%
Annual CRFL, Resident	114,589	109,869	92,897	81,586	74,157	-10.31%
Annual Unified Inland Fishing/CRFL	47,821	87,059	92,925	92,469	95,778	18.96%
Annual Unified Sportsman with CRFL	43,876	47,299	48,034	44,645	39,244	-2.75%

Commercial Fishing License and Registration Fee Purchase History

License Type	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	5-year change
Standard Commercial Fishing License (SCFL), Resident	4,429	4,321	4,158	4,020	3,922	-2.99%
SCFL, Nonresident	4,062	3,947	3,814	3,716	3,642	-2.69%
Retired Standard Commercial Fishing License (RSCFL), Resident	1,403	1,385	1,391	1,395	1,354	-0.88%
RSCFL, Nonresident	1,353	1,346	1,354	1,365	1,333	-0.37%
Land or Sell License	134	131	149	133	115	-3.75%
Shellfish License, Resident	571	525	518	600	520	-2.31%
Fish Dealer License, Resident	672	689	678	655	663	-0.34%
Commercial Fishing Vessel Registration (CFVR), 0-18ft	2,643	2,540	2,563	2,450	2,330	-3.10%
CFVR, 19-38ft	3,374	3,400	3,509	3,472	3,481	0.78%
CFVR, 39-50ft	217	216	207	193	198	-2.26%
CFVR, +50ft	272	269	280	244	232	-3.90%
Recreational Commercial Gear License (RCGL), Resident	1,535	1,607	1,503	1,363	1,138	-7.21%
RCGL, Nonresident	512	536	501	454	379	-7.21%



Additional, Nontraditional CRFL Purchase History

License Type	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	5-year change
For-Hire Non-Blanket Vessel CRFL, Resident	80	89	89	102	85	1.61%
For-Hire Non-Blanket Vessel CRFL, Nonresident	27	30	30	34	28	1.61%
For-Hire Blanket Vessel CRFL (6 or fewer passengers), Resident	426	494	539	573	621	9.88%
For-Hire Blanket Vessel CRFL (6 or fewer passengers), Nonresident	142	165	180	191	207	9.88%
For-Hire Blanket Vessel CRFL (7 or more passengers), Resident	23	24	28	29	29	6.09%
For-Hire Blanket Vessel CRFL (7 or more passengers), Nonresident	8	8	9	10	10	6.09%
For-Hire Captain's CRFL (6 or fewer passengers), Resident	93	104	113	119	124	7.38%
For-Hire Captain's CRFL (6 or fewer passengers), Nonresident	31	35	38	40	41	7.38%
For-Hire Captain's CRFL (7 or more passengers), Resident	5	5	6	6	6	3.67%
For-Hire Captain's CRFL (7 or more passengers), Nonresident	2	2	2	2	2	3.67%
Blocks of 10 Day CRFLs	1	2	2	0	1	0.00%

The following tables show the projected number of license sales for FY 2023-24 to FY 2027-28. The five-year change calculated in the previous tables was used to determine future sales.

Coastal Recreational Fishing License (CRFL) Estimated Future License Purchases

CRFL Type	5-year change	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
10 Day CRFL, Nonresident	0.18%	135,587	135,832	136,077	136,323	136,569
10 Day CRFL, Resident	-2.97%	38,468	37,326	36,218	35,143	34,100
Annual CRFL, Nonresident	4.35%	27,829	29,041	30,305	31,625	33,002
Annual CRFL, Resident	-10.31%	66,513	59,656	53,507	47,991	43,044
Annual Unified Inland Fishing/CRFL	18.96%	113,940	135,547	161,251	191,828	228,205
Annual Unified Sportsman with CRFL	-2.75%	38,165	37,115	36,094	35,101	34,135

Commercial Fishing License and Registration Fee Estimated Future License Purchases

License Type	5-year change	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Standard Commercial Fishing License (SCFL), Resident	-2.99%	3,900	3,783	3,670	3,560
SCFL, Nonresident ³	-2.69%	3,616	3,519	3,424	3,332
Retired Standard Commercial Fishing License (RSCFL), Resident	-0.88%	1,383	1,370	1,358	1,346
RSCFL, Nonresident	-0.37%	1,360	1,355	1,350	1,345
Land or Sell License	-3.75%	128	123	119	114
Shellfish License, Resident	-2.31%	586	573	559	546
Fish Dealer License, Resident	-0.34%	653	651	648	646
Commercial Fishing Vessel Registration (CFVR), 0-18ft	-3.10%	2,374	2,300	2,229	2,160
CFVR, 19-38ft	0.78%	3,499	3,527	3,554	3,582
CFVR, 39-50ft	-2.26%	189	184	180	176
CFVR, +50ft	-3.90%	234	225	217	208
Recreational Commercial Gear License (RCGL), Resident ¹	-7.21%	1,686	1,565	1,452	1,347

¹ The data source used for this estimation did not provide a breakdown between residential and nonresidential RCGL purchases, so the average ratio of residential to nonresidential CRFL purchase (75% resident, 25% nonresident) was applied to RCGL purchases.



Additional, Nontraditional CRFL Estimated Future License Purchases.

Additional, Nontraditional CRFL License Type	5-year change	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
For-Hire Non-Blanket Vessel CRFL, Resident	1.61%	104	105	107	109
For-Hire Non-Blanket Vessel CRFL, Nonresident	1.61%	35	29	0	35
For-Hire Blanket Vessel CRFL (6 or fewer passengers), Resident	9.88%	630	692	760	835
For-Hire Blanket Vessel CRFL (6 or fewer passengers), Nonresident	9.88%	210	231	253	278
For-Hire Blanket Vessel CRFL (7 or more passengers), Resident	6.09%	30	32	34	36
For-Hire Blanket Vessel CRFL (7 or more passengers), Nonresident	6.09%	10	10	0	11
For-Hire Captain's CRFL (6 or fewer passengers), Resident	7.38%	127	137	147	158
For-Hire Captain's CRFL (6 or fewer passengers), Nonresident	7.38%	42	44	0	46
For-Hire Captain's CRFL (7 or more passengers), Resident	3.67%	6	6	0	6
For-Hire Captain's CRFL (7 or more passengers), Nonresident	3.67%	2	2	0	2
Blocks of 10 Day CRFLs	0.00%	1	1	1	1

¹ The data source used for this estimation did not provide a breakdown between residential and nonresidential For-Hire Blanket Vessel or For-Hire Captain's CRFL purchases, so the average ratio of residential to nonresidential CRFL purchase (75% resident, 25% nonresident) was applied to For-Hire Blanket Vessel and For-Hire Captain's CRFL purchases.

The fee increase for each type of fee was multiplied by the projected license sales for each year of the program to estimate the revenue that will be generated by the bill. The following tables show the calculations by type and by fiscal year.

Coastal Recreational Fishing License Estimate Revenue Increase

License Type	FY 2025-26	FY 2026-27	FY 2027-28
10 Day CRFL, Nonresident	\$1,272,321	\$1,274,621	\$1,276,924
10 Day CRFL, Resident	\$123,141	\$119,485	\$115,938
Annual CRFL, Nonresident	\$695,509	\$725,793	\$757,395
Annual CRFL, Resident	\$409,327	\$367,132	\$329,287
Annual Unified Inland Fishing/CRFL	\$1,269,848	\$1,510,649	\$1,797,112
Annual Unified Sportsman with CRFL	\$284,239	\$276,420	\$268,817
Yearly Total	\$4,054,385	\$4,274,100	\$4,545,475



Commercial Fishing License and Registration Fee Estimated Revenue Increase

License Type	FY 2025-26	FY 2026-27	FY 2027-28
Standard Commercial Fishing License (SCFL), Resident	\$570,021	\$554,678	\$539,748
SCFL, Nonresident ³	\$217,271	\$202,033	\$187,486
Retired Standard Commercial Fishing License (RSCFL), Resident	\$109,745	\$109,337	\$108,931
RSCFL, Nonresident	\$3,009	\$1,637	\$282
Land or Sell License	\$1,176,326	\$1,147,856	\$1,120,076
Shellfish License, Resident	\$14,314	\$13,984	\$13,660
Fish Dealer License, Resident	\$32,530	\$32,420	\$32,311
Commercial Fishing Vessel Registration (CFVR), 0-18ft	\$11,387	\$11,034	\$10,691
CFVR, 19-38ft	\$85,432	\$86,102	\$86,777
CFVR, 39-50ft	\$14,357	\$14,032	\$13,714
CFVR, +50ft	\$43,379	\$41,688	\$40,063
Recreational Commercial Gear License (RCGL), Resident	\$35,203	\$32,666	\$30,312
RCGL, Nonresident	\$156,457	\$145,183	\$134,721
Yearly Total	\$2,469,430	\$2,392,648	\$2,318,771



Additional, Nontraditional CRFL Estimated Revenue Increase

License Type	FY 2025-26	FY 2026-27	FY 2027-28
For-Hire Non-Blanket Vessel CRFL, Resident	\$1,158	\$1,177	\$1,196
For-Hire Non-Blanket Vessel CRFL, Nonresident	\$1,141	\$1,159	\$1,178
For-Hire Blanket Vessel CRFL (6 or fewer passengers), Resident	\$36,201	\$39,718	\$43,576
For-Hire Blanket Vessel CRFL (6 or fewer passengers), Nonresident	\$31,676	\$34,753	\$38,129
For-Hire Blanket Vessel CRFL (7 or more passengers), Resident	\$54,302	\$59,577	\$65,364
For-Hire Blanket Vessel CRFL (7 or more passengers), Nonresident	\$43,743	\$47,993	\$52,654
For-Hire Captain's CRFL (6 or fewer passengers), Resident	\$7,154	\$7,669	\$8,221
For-Hire Captain's CRFL (6 or fewer passengers), Nonresident	\$6,259	\$6,710	\$7,193
For-Hire Captain's CRFL (7 or more passengers), Resident	\$10,730	\$11,503	\$12,331
For-Hire Captain's CRFL (7 or more passengers), Nonresident	\$8,644	\$9,266	\$9,933
Blocks of 10 Day CRFLs	\$65	\$65	\$65
Yearly Total	\$201,075	\$219,590	\$239,841

The table below summarizes the estimated yearly revenue from license increases by category.

	Revenue Increase		
	FY 2025-26	FY 2026-27	FY 2027-28
CRFL Increase	\$4,054,385	\$4,274,100	\$4,545,475
Commercial Increase	\$2,469,430	\$2,392,648	\$2,318,771
Other Fees Increase	\$201,075	\$219,590	\$239,841
Yearly Total	\$6,724,891	\$6,886,339	\$7,104,087
Grand Total	\$20,715,317		

SUMMARY

Both the transition payment program and the license increase revenue will be managed in a special fund. Funds remaining at the end of the fiscal year in a special fund do not revert, but remain available at the start of the following fiscal year. The amount remaining is referred to as the “cash balance”. It is assumed

that transition program payments will not be made until July 1, 2026, after a full fiscal year of license fee revenue is accrued. Final payments will be made July 1, 2028. Based on the estimated revenue from license fee increases and the estimated transition program payments, the bill will result in a cash balance of \$180,161 at the conclusion of the program. The following table shows the estimates for each fiscal year.

Summary of Fiscal Impact				
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<i>Beginning Cash Balance</i>	<i>\$0</i>	<i>\$6,724,891</i>	<i>\$6,766,178</i>	<i>\$7,025,213</i>
Transition Program \$180 Payments		\$42,480	\$42,480	\$42,480
Estimated Shrimp Value Payments		\$6,802,572	\$6,802,572	\$6,802,572
Subtotal Expenditures		\$6,845,052	\$6,845,052	\$6,845,052
License Increase Revenue	\$6,724,891	\$6,886,339	\$7,104,087	
Ending Cash Balance	\$6,724,891	\$6,766,178	\$7,025,213	\$180,161

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

DEPARTMENT OF ENVIRONMENTAL QUALITY

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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