

Proposed Changes for Next Reauthorization of Sport Fish Restoration and Boating Trust Fund

1. Extend Authorization for 5 Years

Description and rationale—The current authorization for the Sport Fish Restoration and Boating Trust Fund runs through FY2026. This needs to be reauthorized every five years.

2. Reduce Tax on Aerated Bait Buckets from 10% to 3%

Description and Rationale—Aerated bait buckets, when sold as a unit, are subject to a 10% excise tax. When an aerator and a bucket are sold as separate components, they are not subject to an excise tax. This proposed change would reduce the competitive disadvantage faced by manufacturers of aerated bait buckets by enabling more competitive pricing.

Estimated Impact on Fund—This change would have cost the SFRBTF an estimated \$77,980 in 2023 ¹(Southwick). This does not take account for potential increased sales of aerated bait buckets vis-à-vis separate aerators and buckets which could eventuate with more competitive pricing. The Sporting Goods Excise Tax Modernization Act should offset the small impact to the fund and state apportionments.

3. Switch apportionment for Interstate Fisheries Commissions from flat amount to percentage (with small increase)

Description and Rationale—Each of the four interstate fisheries commissions (Atlantic States, Gulf States, Pacific States, and Great Lakes) receives \$200k per year off the top of the fund (26 USC 4161 (a)). These commissions coordinate with NOAA Fisheries and states to collect data and manage fisheries resources in their shared coastal regions.

While the percentage-based allocations have grown with the fund, and while the administrative allocations have been adjusted to account for inflation, the commissions' allocations have remained flat since the 1980s and their purchasing power has decreased. This proposed change would switch the commissions to a percentage-based allocation so that the funding they receive fluctuates along with the fund. Each commission would receive 0.0375% of the annual appropriation (off the top of the fund) which, based on the fund's value in recent years, equates to an average amount of between \$250k and \$275k. The small impact to the fund would be offset by the Sporting Goods Excise Tax Modernization Act (#5).

With the increased funding, the commissions would be able to revive some of their habitat work that benefits coastal sport fisheries, such as artificial reef programs, as well as support work to address aquatic invasive species and improve understanding of how important recreational species are responding to climate change.

¹ Assuming that 10% of all bait bucket and aerator sales in 2023 were for aerated bait containers.

4. Expanding Domestic Fuel Options for Boaters

Description and Rationale—This change would add an additional priority within the “Priorities” subsection section for the Boating Infrastructure Grant (BIG) program to incentivize/reward provision of alternative marine fuels that provide more domestic fuel options for boaters. The current priorities for BIG grants are for projects that:

- A. consist of the construction, renovation, or maintenance of facilities for transient nontrailerable recreational vessels in accordance with a plan submitted by a State under subsection (c);
- B. provide for public/private partnership efforts to develop, maintain, and operate facilities for transient nontrailerable recreational vessels; and
- C. propose innovative ways to increase the availability of facilities for transient nontrailerable recreational vessels.

Estimated Impact on Fund—This change would have no financial impact on the fund; it would simply give a boost to applications for projects that include alternative marine fuel facilities.

5. Include Sporting Goods Excise Tax Modernization Act

Description and Rationale—This bill aims to capture the lost excise tax from direct-to-consumer imports of goods facilitated by online marketplaces. This will increase revenue to the fund and level the playing field for U.S.-based manufacturers who pay their excise taxes.

This fix will likely be included in a tax package, which will probably progress faster than sportfish reauthorization. It will be included in sportfish reauthorization as a backstop. The De Minimis exemption for sportfish and archery equipment may also be included,

Estimated Impact on Fund—This fix will increase revenue to the fund. Conservative estimates are that the FET slippage fix would add an additional \$7M to the Sportfish Fund per year. The de minimis exemption would also increase revenue to the fund, but we do not have an estimate of how much it will increase revenue by.

6. Include State Boating Act

Description and Rationale—In 2022, the United States Coast Guard (USCG) issued new policy guidance to states regarding acceptable state fees for issuing a vessel certificate of number (CON). In the guidance, the USCG stated that states cannot levy a fee unrelated to the costs associated with issuing the CON as a condition of boating registration, and those that do so would jeopardize their boating safety grants. At least nine states would be affected directly by the new guidance.

The State Boating Act (S 4113) would allow states to collect fees related to recreational boating, boating safety, and aquatic invasive species management as a condition of registration. This will ensure continuity of funding for critical AIS management, boating safety and boating access programs, while also maintaining lower administrative fees and ease of compliance for customers, while providing necessary sideboards to protected against unrelated fees.

Estimated Impact on Fund—This change would have no financial impact on the fund.