



November 9, 2021

Ramona Fernandez, Acting Deputy Director
Division of Boating and Waterways
California Department of Parks and Recreation
One Capitol Mall, Suite 500
Sacramento CA 95814

via email to Ramona.fernandez@parks.ca.gov

Re: Harbors and Watercraft Revolving Fund Deficiency Plan and Boat Registration Fees

Acting Deputy Director Fernandez –

The undersigned boater and boating industry associations continue our long-standing support for an effective Division of Boating and Waterways [DBW], with leadership and vision, and providing programs and services that benefit the state’s recreational boaters.

We appreciate the decision by Governor Newsom and the State Legislature, in the state budget enacted for Fiscal Year 2021-2022, to refrain from including a vessel registration fee increase, and to convene a stakeholder group to address the stated deficiency in the Harbors and Watercraft Revolving Fund [HWRF]:

The Department of Parks and Recreation shall, in consultation with stakeholders and staff of the relevant fiscal and policy committees of the Legislature, develop a fee proposal that includes a combination of fee increases, expenditure reductions, and other actions designed to keep the Harbors and Watercraft Revolving Fund in structural balance on an ongoing basis. The department shall present this proposal to the Legislature for consideration no later than January 10, 2023.

Following our participation in the October 11, 2021 Boating and Waterways Commission Workshop, and in advance of the November 17-18, 2021 Commission Meeting, we would like to reinforce and highlight our perspectives on the process and the issues:

The Stakeholder Process - it remains critical that the actions taken during the next several months include a meaningful and inclusive stakeholder process that addresses the important identified issues. The stakeholder process should then provide the foundation needed to determine the best utilization of boater funds on programs and services that directly benefit boaters now and into the future.

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It is our understanding that the current thought is for subgroups to be convened to meet a few times over the next six months to review the existing HWRF revenues and expenditures and develop recommendations for the Division. We also urge the Division to make sure that appropriate staff are included in each of the subgroups to help facilitate and inform the conversation

The timeframe suggested in the October 11th workshop is insufficient to provide a thorough analysis and recommendations that will address the future of on-the-water recreation that attracts and benefits an increasing number of Californians. We therefore request that the preliminary deadline for the subgroups to conclude their efforts be extended one year to August 2023.

As consideration of the subgroups and the issues to be addressed by each group are further developed, the following structure is suggested:

Stakeholder Engagement

- Regional Water Boards - Ongoing Issue of Copper TMDL's
- Economic Impact Study
- Boat launch grants/loan programs
- Abandoned/derelect vessels

Expenditure Reductions

- Loans
- Beach Erosion Control
- Aquatic Invasive Species

Fee Proposals

- Motorized Vessel Registration
- Non-Motorized Use Fee
- Funding for Aquatic Invasive Species

The Issues - boating stakeholders are being informed there is a deficiency in the HWRF and that significant revisions are being considered to the boating programs and services that it funds, as well as the sources or amounts of revenues paid into the fund.

The stakeholder process should consider several key issues to establish a foundation and framework for the recommendations, develop common objectives, and align revenues with expenditures:

- A fair apportionment of all boater-derived funds paid to the state including fuel taxes, registration fees, loan re-payments, entrance fees and sales taxes.
- The appointment of permanent Deputy Director of DBW with a leadership role.
- Provision of statutory authority and direction to the Commission to provide oversight, advice and consent on important DBW decisions and expenditures.
- A plan to enhance DBW programs and service future needs and to increase on-the-water recreation access and opportunities, with specific programs and services.
- The identification and implementation of any available efficiencies that do not detract from the effectiveness of current programs and services.
- An economic impact study confirming the benefits that recreational boating provides to the California economy.
- Expansion of the financial participation of those who benefit from the aquatic invasive species programs.
- Expansion of the types of recreational vessels that provide financial support for the benefits they are receiving and will be receiving from DBW programs and services.

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- Elimination of the statutory authority for the HWRF to fund beach erosion control.
- Revisions to the process and parameters of current programs to increase the participation of private and public marinas and enhance boating access, and the utilization of the SAVE program.
- Efforts to overcome environmental issues that threaten boating, such as copper.

It is also important to emphasize that the state's boating stakeholders must have accurate information prior to the consideration of any proposed revisions. For instance, we were informed earlier this year, for the first time, that boaters pay \$107 million per year in boat fuel taxes. Yet only 14% of those fees are placed in the HWRF.

There are approximately 800,000 registered boats in California, and a vibrant \$17 billion dollar per year industry. The many forms of boating provide enjoyable, healthy and popular recreational opportunities throughout the state.

Taken together, our suggested actions would provide the state's boating community with a degree of trust that the State of California is taking a balanced, reasonable approach, with increased transparency and stakeholder participation, to address boating revenues in a manner that respects the proper use of those funds for boating programs and services that directly benefit the boating public now and into the future. Thank you for your consideration of this important issue.

Sincerely [in alphabetical order]:

BoatU.S.—Boat Owners Association of the United States

David B. Kennedy, BoatU.S., Government Affairs, 703-461-2878 Ext. 3363

California Association of Harbor Masters and Port Captains

Andrea Leuker, President, 805-550-3909

California Yacht Brokers Association

George Sikich, President, 415-793-9376

Marine Recreation Association

Kate Pearson, President, 619-666-1640

National Marine Manufacturers Association

David Dickerson, VP, State Government Relations, 202-737-9761

Pacific Inter-Club Yacht Association

Patti Mangan, Commodore, 415-362-2625

Recreational Boaters of California

Winston Bumpus, President, 650-644-7968

Southern California Yachting Association

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