



American Sportfishing Association  
Leading the Way for Sportfishing's Future



February 16, 2021 Updated Letter

The Honorable Richard Bloom, Chair  
Assembly Budget Subcommittee #3  
State Capitol, Room 6026  
Sacramento, CA 95814

The Honorable Bob Wieckowski, Chair  
Senate Budget Subcommittee #2  
State Capitol, Room 5019  
Sacramento, CA 95814

Re: **Budget Item #3790 Department of Parks and Recreation**  
**Governor's proposed adjustments to the Harbors and Watercraft Revolving Fund**

Dear Budget Subcommittee Chairs Bloom and Wieckowski, and subcommittee members -

In advance of the upcoming hearings in which your committees will be considering this issue, our organizations write to confirm our significant concerns with the Governor's proposed FY 2021-2022 budget for the Division of Boating and Waterways [DBW], specifically the Governor's proposed adjustments to the Harbors and Watercraft Revolving Fund [HWRF].

The Governor's proposal would increase vessel registration fees from \$20 every two years to \$70 every two years effective July 1.

We have reviewed the proposal within our mission to advocate for the best utilization of boater funds for programs and services that directly benefit boaters.

Our organizations are not in a position to support the Governor's proposed plan to increase boat registration fees by 250% starting July 1.

The night before the February 9 Senate Budget Subcommittee hearing, DBW provided the boating community with its response to our May 2020 letter and repeated requests. The February 8 letter [attached] provided new information that confirms our concerns and raises new issues. To start, it states that boaters pay \$107 million each year in fuel taxes to the state,

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yet only \$15 million [14%] is provided to the HWRF for programs and services that directly benefit boaters.

This is alarming and confirms our suspicions that boater fuel tax dollars are being steadily and increasingly re-directed away from the HWRF into the state General Fund and other funds in State Parks.

The owners and operators of more than 640,000 registered vessels pay more than fuel taxes and registration fees. Boaters also pay a very significant amount of property taxes to the counties.

The Governor's proposed 250% registration fee increase would extract an additional \$20 million from California boaters - most of whom earn under \$100K per year and 95% of whom own a small boat that is 26 feet long and smaller.

This timing of the 250% fee increase could not be worse. It would be levied during this unprecedented pandemic when individuals are finding outdoor on-the-water recreation to be a safe and enjoyable activity providing significant mental and physical benefits. This is reflected in the increased number of boat purchases and registrations.

We recognize and appreciate that the Governor's proposal recognizes misuses of the HWRF for programs over many years and proposes to curtail them. These include:

- Public Beach Restoration fund (\$6 million per year)
- Aquatic Invasive Species Program (\$12.5 million per year)  
(This program is of some benefit to boaters but also benefits water exporters in the south Delta, farmers, wildlife, non-motorized recreational users, and more.)
- Quagga and Zebra mussel infestation Grants (\$3.8 million per year)  
(Boaters already pay a surcharge on boat registration fees for this program)

However, the proposed resolution is not to re-direct any of the tens of millions of boater fuel tax dollars to the HWRF. The remedy for this resulting imbalance in the HWRF would be a 250% boat registration fee increase.

An additional initial concern with the February 8 letter is the proposed stakeholder process. Our community's request for meaningful engagement would occur after the implementation of the 250% registration fee increase. This is putting the cart before the horse.

For each of these reasons, we urge the budget subcommittees to take the following actions:

1. Reduce the amount of the proposed increase to an amount significantly less than 250%.
2. Re-direct a small, yet reasonable portion of the \$107 million in annual boat fuel tax dollars to the HWRF.
3. Permanently eliminate the authority for HWRF funds to be utilized for beach erosion control.
4. Establish an equitable funding structure for the invasive species program that includes other beneficiaries with a proportional financial framework.
5. Establish in statute the stakeholder process to be undertaken over the next few years to develop long-term funding approaches to the HWRF.
6. Add to the Boating and Waterways Commission's statutory authority the responsibility to approve loans and grants from the HWRF.

Taken together, these actions would provide the state's boating community that the State of California is taking a balanced, reasonable approach, with increased transparency, 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. Thank you for your consideration of this important issue.

Sincerely [in alphabetical order],

**American Sportfishing Association**

Danielle Cloutier, Pacific Fisheries Policy Director, 262-989-6587

# **Division of Boating and Waterways—Harbors and Watercraft Revolving Fund Deficiency**

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**BoatU.S.**

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

**California Yacht Brokers Association**

George Sikich, President, 415-793-9376

**CCA California**

**Wayne Kotow, Executive Director, 858-232-5721**

**Coastside Fishing Club**

Marc Gorelnik, President, 415-409-9529

**Marina Recreation Association**

Scott Robertson, President, 530-692-3200

**National Marine Manufacturers Association**

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

**Nor-Cal Guides and Sportsmen's Association**

James Stone, President, 530-923-9440

**Pacific-Inter Club Yacht Association**

Patti Mangan, Commodore, 415-362-2625

**Recreational Boaters of California**

Winston Bumpus, President, 650-644-7968

**San Diego Port Tenants Association**

Sharon Cloward, President, 619-226-6546

**Shelter Cove Marina**

Sandy Purdon, 619-822-1177

**Southern California Yachting Association**

Bill McNamara, Commodore, 714-421-3187

**Sportfishing Association of California**

Ken Franke, President, 619-760-4031

Enclosures: May 8, 2020 boating community letter  
February 8, 2021 DBW response

C: Wade Crowfoot, Secretary, Natural Resources Agency  
Armando Quintero, Director, Department of Parks and Recreation  
Ramona Fernandez, Acting Deputy Director, Division of Boating and Waterways



DEPARTMENT OF PARKS AND RECREATION

Armando Quintero, Director

Division of Boating and Waterways  
One Capitol Mall, Suite 500  
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Telephone: (916) 327-1779 / Fax: (916) 327-1770

February 8, 2021

**via Electronic Mail**

Re: Division of Boating and Waterways – Harbors and Watercraft Revolving Fund Deficiency

Dear Jerry, Beau and Mark:

This letter is in response to the California's boating community concerns which were addressed in a letter sent to the Director of the Department last year.

The intent is to provide information relating to the specific questions about the Harbors and Watercraft Revolving Fund (HWRF) and other expenditures by the Division Boating and Waterways (DBW).

1. How can the public best receive accurate information from DBW regarding its operations, programs and funds including the HWRF? Would it be possible to work with Parks to pull this data together in an easily digestible format that we could share with our members?

*This type of data is shared in simplified presentations at Boating and Waterways Commission meetings, workshops and various conferences the division participates or makes presentations.*

A. What is the total amount of motor vehicle fuel tax dollars that boaters pay to the state – not just the HWRF - annually?

*The total is \$107,120,000.*

*Budget Year rates are: HWRF \$0.198, GF \$0.198 and SPRF \$0.132.*

B. Where are those motor vehicle fuel tax dollars directed, and how are the funds spent?

*HWRF receives \$15.1 million to support and boating programs administered by DBW, such as operations, access, safety and administration. The State Park and Recreation Fund (SPRF) receives \$26 million to support state parks with a boating nexus throughout the State Park system. SPRF also receives \$26.92 million attributable to boating tax revenues through Senate Bill 1 (Chapter 5, Statutes of 2017) to be used for state parks, off-highway vehicle*

*programs, or boating programs. . The state General Fund receives \$39.1 million.*

C. Why is the State Parks and Recreation Fund - into which boat fuel tax dollars are deposited - not utilized for boating programs and services, despite statutory authorization?

*Over one third of all State Park System units provide boating-related equipment, facilities and services. The State Park and Recreation Fund receives \$26,649,000 annually from the Motor Vehicle Fuel Account to help fund operations at state park units that provide boating related services to the public. Operating costs of districts with boating facilities far exceed the annual transfer of funds. The Department is responsible for the largest number of recreational boating facilities and opportunities in California. It manages the largest staff of law enforcement and other personnel responsible for the health and safety of boaters. Some examples of boating programs and services include docks, launch ramps, boating parking areas, mooring facilities, underwater parks, water ski areas, boat-in campgrounds, floating restrooms, buoys, and rental facilities. In addition, the Department provides aquatic safety programs, marine law enforcement patrol, search-and-rescue and boating investigation incidents in addition to other water hazard mitigation. We estimate that State Parks spends over \$180 million from a variety of fund sources to operate park units and facilities that support recreational boating activities.*

2. Some of the HWRF funding is spent on programs of questionable value to California's boating community. In other cases, HWRF funding is exclusively used for programs that clearly have other interested stakeholders who are not carrying their weight.

A. For example, HWRF funds are spent on the beach erosion program. Our groups would ask how a program like this is of direct benefit to boaters. The beach erosion and nourishment programs have historically been considered mitigation for the construction of harbors and breakwaters that protect marinas and other boating access sites which disrupt the natural sediment deposition and transport which would otherwise protect bluff's and public infrastructure along the coastline.

*Given the current state of the HWRF, a proposal has been submitted to suspend funding of this program from the HWRF. Additionally, the Legislative*

*Analyst Office has proposed that the Legislature identify alternative funding sources for these programs.*

B. Additionally, increasing amount of HWRF funds are directed to the State's vegetation management program each year. While clear navigation is of importance to boaters, this program also benefits water exporters in the south Delta, farmers, wildlife, non-motorized recreational users, and more.

With regard to this specific example, can other government entities and/or stakeholders provide funding in support of the invasive species program that benefits their interests?

*Yes, currently DBW has a reimbursement agreement with State Department of Water Resources for treatment activities that support their interests. The Division has started very early engagement with Water Districts which have expressed an interest on partnering with this program.*

C. If other programmatic expenditures are benefit a wider set of interest groups, how can the Department ensure those beneficiaries are paying their fair share?

*All division boater benefits/programming is statewide. Boaters benefit from all programs funded by registration and taxes. The division recognizes that some programs will co-benefit nonpaying entities. The division allocates program funding through historical data, program need, or legislative changes, including the budget act.*

3. Some partners are experiencing challenges in access and working with DBW to receive public funding from HWRF programs. Can the processes for the following programs be revised to re-create interest and applications, and expedite approvals process?

*DBW's programs are under constant improvement and engagement and participation from boating constituents is appreciated.*

A. The private marina loan program

*The budgeting process has been revised to expedite funding availability offering blanket funding rather than seeking funding for each project through the State budget process. Current guiding statute and regulations require that this program mimic commercial lending practices. DBW is seeking expert assistance to ensure its processes align as required. Given the current state of the HWRF, a proposal has been submitted to pause this program which will allow the department to assess whether demand can support future funding efforts. Over the last several years, this program has been under-prescribed and it is unclear if a need exists.*

B. The public marina loan and grant program – including launch ramps:

**Public Marina Loan:** *The budget process has been revised to expedite funding availability offering blanket funding rather than seeking funding for each project through the State budget process. Current guiding statute and regulations require that this program mimic commercial lending practices. DBW is seeking expert assistance to ensure its processes align as required. Given the current state of the HWRF, a proposal has been submitted to pause this program which will allow the department to assess whether demand can support future funding efforts. Over the last several years, this program has been under-prescribed and it is unclear if a need exists.*

**Launch Ramps:** *In FY2019/20 DBW began holding annual workshops for the boat launch ramp programs to help potential applicants with the application process. The workshops were saved and posted on DBW's website for convenient access for potential applicants. Webinars for use of the online grant application system have been recorded and are also on our website. DBW has sent letters and emails to managers of previous grant recipients to inform them about their eligibility for future grants.*

C. The abandoned and surrendered recreational vessel program:

*In 2020 the application and scoring process was fully rebuilt for improved transparency and to help assess how the funding requests would meet the objectives and priorities of the Surrendered and Abandoned Vessel Exchange (SAVE) program. Grant application questions and scoring were redesigned to evaluate the agency's prevention and control strategies for reducing the number of abandoned vessels; their cost efficiencies in*

*managing the grant funds; and their overall effectiveness in managing the grant program. Collaborating with their local private marinas to identify and prevent abandoned boats.*

*DBW hosted a focus group in February 2020 with relevant stakeholders to receive feedback on the revised application and scoring criteria. The focus group participants included experienced and qualified representation who volunteered from agencies serving the various and diverse boating safety environments we have in California.*

*DBW holds annual workshops to review how to apply for a grant, scoring criteria, application process, reimbursement requests, and other requirements of the grant program.*

*SAVE program staff continue to participate (via phone conferencing) in regional coordination meetings such as the Delta Officers Intelligence Team, Bay Area Marina Operators and the Abandoned Derelict Vessel Workgroup to work with potential applicants and inform them of available funding.*

#### **D. The aquatic center program:**

*In 2020 the application and scoring process was also fully rebuilt for improved transparency and to help assess how the funding requests would meet the objectives and priorities of the Aquatic Center Grant (ACG) program. Grant application questions and scoring were redesigned to evaluate the applicants boating safety education, equipment, scholarship, and training needs, availability to the underserved, and effectiveness of each request. DBW holds annual aquatic center directors' meetings that are available to all interested parties. These meetings review how to apply for a grant, application scoring criteria, application process, reimbursement requests, and other aspects of the grant program. These meetings are also a forum for aquatic centers to share best practices.*

#### **4. How can our groups work with Division and Department work proactively to identify and address current and future boater needs?**

*Groups can advocate for constituents needs at Boating and Waterways Commission meetings, respond to DBW's requests for assistance in focus groups and surveys. The division actively participates in boater group's annual conferences, meetings and venues.*



A. For example, can non-motorized vessels that benefit from state programs and services be asked to participate financially?

*The division has been evaluating other states non-motorized fee programs to determine best approach on implementing a program in California. As noted in the Governor's FY 21/22 Budget proposal, the Division intends to work with stakeholders to explore longer-term revenue options.*

B. Can authorization be obtained for boater-derived funds to be utilized for site-specific studies of copper in impaired bodies of water, to ensure that decisions impacting boats are based on facts and science?

*Recommendations from boater groups should be addressed during a Boating and Waterways Commission public meeting. Authorization for this proposal would need to be addressed through the State's legislative and budget process.*

C. We should explore if the Boating and Waterways Commission can be provided authority and responsibility for decisions made on the expenditure of HWRF monies in a public and transparent process – as it held in the past.

*In accordance with H&NC, Section 82, the division provides to the Boating and Waterways Commission proposal changes in regulations, loans and grants, and projects, in addition to an annual report on budget and expenditures for its advice and comment. The division considers all advice and comments from the Boating and Waterways Commission for determination of eligibility for funding from Harbors and Watercraft Revolving Fund in addition to the significant impact on either public health, safety, public access or the environment. Any revisions to the legal authorities of the Boating and Waterways Commission would need to be addressed through the State's legislative process.*

Mr. Desmond, et al.  
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Thank you for the opportunity to address these questions. We look forward to continued engagement with boating stakeholders as we identify solutions to address the sustainability of the HWRF.

Sincerely,

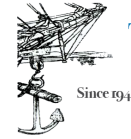
*R Fernandez*

Ramona Fernandez, Acting Deputy Director  
Division of Boating and Waterways  
Department of Parks and Recreation

cc: Armando Quintero, Director, Department of Parks and Recreation  
Liz McGuirk, Chief Deputy Director, Department of Parks and Recreation  
Will Schaafsma, Deputy Director, Administrative Services Division,  
Department of Parks and Recreation  
Marivel Barajas, Deputy Director, Legislation, Department of Parks and  
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**American Sportfishing Association**  
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**The California Association  
of Harbor Masters  
and Port Captains**  
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**Protecting your boating Interests.**™

May 4, 2020 Via Email: [Lisa.Mangat@parks.ca.gov](mailto:Lisa.Mangat@parks.ca.gov)

Lisa Mangat, Director  
California Department of Parks and Recreation  
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Sacramento, CA 95814

**Re: Division of Boating and Waterways – Harbors and Watercraft Revolving Fund Deficiency**

Director Mangat –

California's boating community, comprised of boaters and the boating industry, and as represented by our individual organizations, is quite concerned that the department may move forward this year with one or more proposals to revise the Harbors and Watercraft Revolving Fund [HWRF] in a process and with substantive provisions that could be detrimental to the state's boating community.

Boating stakeholders are being informed that 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.

To date, we have received no specifics regarding any proposals despite a Constitutional deadline for a completed budget of June 15<sup>th</sup>. We are concerned that action could be taken in the very near future in conjunction with the release of the Governor's May Budget Revise, with an accelerated calendar for consideration and adoption of the upcoming state budget for the fiscal year that commences on July 1.

In order to help us engage to the best and most robust way possible, our communities have asked some specific questions about the HWRF and other expenditures by DBW. While we have received some feedback, we have not received the specific information that has been requested by a number of individuals and organization both formally in public testimony, and informally in meetings and conversations.

It is critical that this state's boating stakeholders have accurate information that is essential to our consideration of any proposed revisions. 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.

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We would like to pose the following questions to collect information we believe is necessary for our engagement on upcoming budget issues and to guide future conversations between our organizations and the Department:

1. How can the public best receive accurate information from DBW regarding its operations, programs and funds including the HWRF? Would it be possible to work with Parks to pull this data together in an easily digestible format that we could share with our members? For example:
  - A. What is the total amount of motor vehicle fuel tax dollars that boaters pay to the state – not just the HWRF - annually?
  - B. Where are those motor vehicle fuel tax dollars directed, and how are the funds spent?
  - C. Why is the State Parks and Recreation Fund - into which boat fuel tax dollars are deposited - not utilized for boating programs and services, despite statutory authorization?
2. Some of the HWRF funding is spent on programs of questionable value to California's boating community. In other cases, HWRF funding is exclusively used for programs that clearly have other interested stakeholders who are not carrying their weight.
  - A For example, HWRF funds are spent on the beach erosion program. Our groups would ask how a program like this is of direct benefit to boaters?
  - B. Additionally, increasing amount of HWRF funds are directed to the State's vegetation management program each year. While clear navigation is of importance to boaters, this program also benefits water exporters in the south Delta, farmers, wildlife, non-motorized recreational users, and more.
    - i. With regard to this specific example, can other government entities and/or stakeholders provide funding in support of the invasive species program that benefits their interests?
  - C. If other programmatic expenditures are benefit a wider set of interest groups, how can the Department ensure those beneficiaries are paying their fair share?
3. Some partners are experiencing challenges in access and working with DBW to receive public funding from HWRF programs. Can the processes for the following programs be revised to re-create interest and applications, and expedite approvals process?
  - A. The private marina loan program
  - B. The public marina loan and grant program – including launch ramps
  - C. The abandoned and surrendered recreational vessel program
  - D. The aquatic center program
4. How can our groups work with the Division and Department work proactively to identify and address current and future boater needs?
  - A. For example, can non-motorized vessels that benefit from state programs and services be asked to participate financially?
  - B. Can authorization be obtained for boater-derived funds to be utilized for site-specific studies of copper in impaired bodies of water, to ensure that decisions impacting boats are based on facts and science?
  - C.. We should explore if the Boating and Waterways Commission can be provided authority and responsibility for decisions made on the expenditure of HWRF monies in a public and transparent process – as it held in the past.
5. With regard to the Boating and Waterways Commission:
  - A. What is the current status of the Commission appointees?
  - B. Is the COVID crisis presenting obstacles to allowing a quorum of the commission to meet on a regular basis?
  - C. Can the Commission membership conform with the provisions of the Harbors and Navigation Code including the requirement that one of the seven members must be an officer or employee of a law enforcement agency responsible for enforcing boating laws [specifically, a sheriff]?
6. With regard to the location of commission meetings:
  - A. The advocates for the boating community would like to engage with you on a discussion relative to the location of Commission meetings. It is our understanding that Commission meetings were previously distributed around the state to allow Commissioners to "tour" those facilities that might be receiving loan funding. Given that the program is rarely utilized these days, could attendance and participation by affected communities be improved by locating more meetings in the Sacramento region?

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These are significant, yet fundamental questions related to the HWRF that receives no general fund dollars. The answers will inform our community and industry as stakeholders who fund HWRF as well as other funds.

Sincerely,

American Sportfishing Association  
Danielle Cloutier, PhD., Pacific Fisheries Policy Director  
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David B. Kennedy, BoatU.S., Government Affairs  
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415-793-9376

Coastside Fishing Club  
Marc Gorelnik, Chairman, President and Legislative Lead  
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Scott Robertson, President  
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