

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: House Bill 1715 (First Edition)

SHORT TITLE: Observer Coverage Gear Permits.

SPONSOR(S): Representatives Wainwright, Underhill, and Spear

FISCAL IMPACT					
	Yes (X)	No ( )	No Estimate Available ( )		
	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>
<b>REVENUES</b>					
<b>General Fund</b>	0	0	0	0	0
<b>Special Funds</b>	If fee is adopted, potential revenues could range from \$300,000 - \$600,000 annually				
<b>EXPENDITURES</b>	See Assumptions & Methodology				
<b>POSITIONS (cumulative):</b>	See Assumptions & Methodology				
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Department of Environment and Natural Resources, Marine Fisheries Commission					
<b>EFFECTIVE DATE:</b> Upon passage.					

**BILL SUMMARY:**

H 1715 amends G.S. 113-169.1 to authorize the Marine Fisheries Commission to (1) adopt rules to establish permits for gear used in a fishery for which state or federal law requires observer coverage, and (2) establish permit fees to recover associated administrative and implementation costs.

**BACKGROUND:**

North Carolina gillnet fishermen sometimes unintentionally catch endangered or threatened species along with the species they intend to catch. In order to ensure compliance with the federal Endangered Species Act, the North Carolina Division of Marine Fisheries (DMF) must send observers out on a portion of commercial fishing vessels to record these unintentional catches and collect other data about the fishery. Observer coverage requirements for North Carolina gillnet fisheries were recently expanded pursuant to a legal settlement between DMF and the Karen Beasley Sea Turtle Rescue and Rehabilitation Center. If DMF is not able to provide the required level of observer coverage, it must close the affected fisheries. DMF estimates that such a closure would cause a \$9 million loss to the commercial fishermen of North Carolina.

In the past, the Marine Patrol has provided observer coverage, but due to the new, expanded requirements, DMF needs to establish a new At-Sea Observer program specifically for that purpose.

The Senate and House budget each contain a \$300,000 appropriation to be used by DMF to establish the At-Sea-Observer program. Any fees DMF raises pursuant to H1715 would provide additional funding for that program.

**ASSUMPTIONS AND METHODOLOGY:**

**Expenditures:**

The only expenditures associated with H1715 would be those associated with administering the new observer coverage gear permit. The Department of Environment and Natural Resources (DENR) indicated that they could administer the new permit fee within their current operating budget, meaning that H1715 would not require any new expenditure for that purpose.

DENR projects that the At-Sea Observer program itself would cost approximately \$600,000 and would require 8.80 new FTE.

**Revenues:**

H1715 authorizes the Marine Fisheries Commission to establish a permit fee that would compensate DMF for administrative costs associated with the permit as well as costs associated with implementing the At-Sea Observer program. As noted above, DENR projects that program would cost approximately \$600,000.

If the FY 2010-2011 budget contains the \$300,000 appropriation for the At-Sea Observer program that is contained in the House and Senate budgets, the fee will need to raise another \$300,000 to implement the program. If the FY 2010-2011 budget does not contain that \$300,000 appropriation, the fee will need to raise all \$600,000 required to implement the program.

There are currently 1,118 commercial fishermen currently permitted to use large mesh gillnets in North Carolina. If all of those fishermen paid the new permit fee, a \$270 per permit fee would be sufficient to raise \$300,000, and a \$540 fee would be sufficient to raise \$600,000. Any revenues collected would be deposited in a non-reverting special fund.

**SOURCES OF DATA:**

Department of Environment and Natural Resources  
Senate Bill 897 – Appropriations Act of 2010

**TECHNICAL CONSIDERATIONS:** None

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**DATE:** June 8, 2010



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