

# Pennsylvania Fish & Boat Commission Report

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## Investing Taxes Paid by Boaters in Commonwealth Waters

As I write this article, the Senate of Pennsylvania just passed SB 1, PN 1162 on 05 June 2013. A primary purpose of SB 1 is to increase the wholesale tax, called the Oil Company Franchise Tax (OCFT), on gasoline which will be used primarily to repair our roads and bridges.

Although most of us will have a hard time accepting the need to pay more for a gallon of gasoline at the pump, we should understand that we need to maintain the transportation infrastructure that we have so that as we travel our state, we can feel confident that our bridges won't collapse or traffic jams won't occur on our major interstate highways due to potholes that would swallow a fleet of tractor trailers.

SB 1 also directs a portion of the OCFT that is attributable to motorboat fuel to the Pennsylvania Fish

and Boat Commission (PFBC) for the systematic improvement and management of infrastructure and operations that support Pennsylvania anglers and boaters.

As the Bill is currently written, it restricts use of these funds for the first 5 years to high hazard dam repairs. After 5 years, the funds may be used for operational and infrastructure expenses that we incur to benefit Pennsylvania's boaters

The Commission has historically received a refund for the 12 cents per gallon of state Liquid Fuels Tax (LFT) paid on gasoline consumed in the operation of motorboats or watercraft. In fact, those of you who own a motorboat know that we ask you to report your fuel consumption when you apply to register your boat.

I have heard, and national studies confirm, that many boat owners under report for fear of being additionally taxed themselves on the amount of fuel that they use. That is clearly not true and has never been true.

Some estimates show that report rates can be up to 1.5 to 2 times less than the amount of fuel actually used. Those of you that do under report, you need to understand that you are actually impacting our ability to get reimbursed for the taxes you pay into the fund administered

by PennDOT. Therefore, please honestly and accurately report the amount of gasoline that you use in your boat and we can collect those funds and use them to maintain and manage our facilities.

Annually, the PFBC petitions the Board of Finance and Revenue for the refund based on yearly surveys from boat registrants on the amount of fuel consumed. The PFBC invests these funds in the improvement of Commonwealth waters consistent with the requirements of the law.

The most recent survey in 2012 resulted in the PFBC requesting a \$1.6 million refund for the 13.4 million gallons of fuel used by boaters in 2012. Over the past ten years, the PFBC has reported an average of 15.6 million gallons per year, with an average annual refund of \$1.9 million.

This refund ensures that Pennsylvania aquatic resources, boaters and anglers fairly benefit from taxes paid by boaters rather than having those funds directed to the repair of Pennsylvania's bridges and roadways.

The same rationale should apply to the Oil Company Franchise Tax.

At the OCFT's current rate, the PFBC would receive \$2.6 million if it were eligible for a refund of the OCFT paid on motorboat fuel.

Table 1 includes estimates of motorboat tax fuel refunds if it would pass in current form. As the transportation bill works its way through the House of Representatives and make its way to Governor Corbett for his signature, it certainly deserves sportsmen's support. The



John and his grandson Xander with an Atlantic salmon he caught on his Spiderman rod at a fishing derby in Lamar. Photo taken by John Sweka.

fact is that we need our roads and bridges to get our families safely to the waters we enjoy to fish and boat.

Once we get there, we also expect to have lakes behind our safe dams that are full of water and fish, parking lots for our trucks and boat trailers, and ramps suitable to launch our boats. Some of us even expect porta-potties and mowed lawns but

that is a matter for future discussion.

In these times of fiscal challenges we need to decide, as a society, where the funding will come from to pay for the things that we have come to expect. We can either pay more for those goods and services or have less of those goods and services to enjoy. It is our choice.

**Table 1.** Projected Annual Revenues if the PFBC Received a Refund of the Uncapped Oil Company Franchise Tax Attributed to Motorboat Fuel

<b>Fiscal Year</b>	<b>Senate Bill 1</b>
2013-14	\$4,484,042
2014-15	\$5,759,320
2015-16	\$5,934,157
2016-17	\$5,522,777
2017-18	\$5,687,329

Estimates assume the amount of motorboat fuel used each year remains constant at 13.4 million gallons and that the wholesale price of liquid fuel varies based on the market. Estimates do not include the two cent reduction in the LFT being proposed by Senate Bill 1 that would reduce LFT refunds to the PFBC by up to \$268,000 annually.



**To All Those Who  
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**TO: PA Fish & Boat Commission and PA Game Commission Commissioners  
House and Senate Game & Fish Committee Members**  
**FROM: Chuck Lombaerde, President, PA Federation of Sportsmen’s Clubs, Inc.**

Please be advised that at our June 8, 2013 Board of Directors meeting, the PFSC Board of Directors unanimously approved the attached resolution (see page 26) opposing any merger of the PFBC and PGC. In addition, the Board approved the following motion:

“The PFSC Board of Directors would like to express our utmost confidence in the ability of Carl Roe and John Arway to lead their respective resource agencies through this current controversial climate. Whether it is the problems surrounding the Susquehanna River, threatened and endangered species conflicts, deer management conflicts or looming fiscal concerns, the PFSC is prepared to work with Director Roe and Director Arway to ensure the resource is protected at or above the levels expected by Pennsylvania’s sportsmen and women.”

As you know there are numerous legislative proposals specifically aimed at significantly altering existing mechanisms in place that provide the ability of both agencies to manage and protect our natural resources. Reducing commissioner term limits puts us at risk of any anti-hunting/resource governor controlling seasons and bag limits. Putting regulatory authority under the purview of the Independent Regulatory Review Commission effectively eliminates that authority and could cause significant resource damage, delays and federal funding loss if implemented. Another study to merge the agencies will most likely show the same results as past studies. There will be significant upfront costs and any perceived long term savings will still not be substantial – alternative funding sources must be found and enacted.

Given the above concerns, we believe both agencies are facing serious issues that we have not seen for some time. It is imperative that we maintain sound and effective stability within the agencies, and all work together and support our resource agencies and their respective Executive Directors. We ask that you join us in that support of solidarity and the continued ability of our resource agencies to effectively and efficiently carry out their duties of sound wildlife and aquatic resource management.