

SJR

66

- FILE -

ALASKA STATE LEGISLATURE - SENATE



SENATOR RICHARD I. ELIASON
P.O. BOX 143
SITKA, ALASKA 99835
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JUNEAU, ALASKA 99811

COMMITTEES
FINANCE
RESOURCES
STATE AFFAIRS

February 10, 1982

MEMORANDUM

TO: Senator Bill Ray, Chairman
Senate Transportation Committee

FROM: Senator Dick Eliason *Dick Eliason*

RE: SJR 66 Regarding Coast Guard User Fees

This morning I introduced SJR 66 regarding the high user fees which the U.S. Coast Guard proposes to charge all boat owners. This is a matter of utmost importance to Alaskan boat owners. According to my calculations the proposed fees would cost the fishermen of Alaska well over \$24 million in direct charges per year. The proposed rate structure could effectively put many small fishermen out of business as the lowest fee proposed is \$1350 per boat.

As I understand, the U.S. Coast Guard is now in the process of drafting the user fee proposal into bill form which, once approved by the Secretary of Transportation, will be submitted to the Office of Management and Budget and the President for introduction to Congress. This is happening right now and so it is important that the Alaskan Legislature take a stand on the matter through SJR 66 and get this message to the President immediately. I hope that you will be able to schedule an early hearing of this resolution in the Senate Transportation Committee and get it moving towards Senate passage as soon as possible.

I am attaching for the Committee's review, information the Coast Guard has printed about the user fee proposal including rates to be charged, and a copy of a letter which I have written to the Coast Guard with my concerns about the proposal.

Senator Bill Ray
February 10, 1982
page 2

Due to an oversight in drafting one "whereas" clause which is not in the resolution, but which ought to be added would be:

"Whereas Coast Guard services are almost entirely unavailable in many of the remote areas of Alaska, it is inequitable to charge owners in those areas the same fee as vessel owners in areas well serviced by the Coast Guard;"

The committee may want to amend the resolution to include this.

Your scheduling and passage of SJR 66 would be very much appreciated by me and by vessel owners throughout the State. If I can provide any further back-up information, please let me know.



DEPARTMENT OF TRANSPORTATION
UNITED STATES COAST GUARD

ZND drift

MAILING ADDRESS:
U.S. COAST GUARD
WASHINGTON, D.C. 20553
PHONE:

DEC 23 1981

TAS

RBL

FILE

(To 158 addressees)

Dear :

Following the series of meetings held in September on the concept of establishing user fees for certain Coast Guard services, the comments received have been carefully reviewed. It was indicated at the meetings that an attempt would be made to inform all the interested groups and individuals of the results of this review and provide an update of the conceptual proposal.

The comments received at the meetings and subsequently were thorough, informative, and responsive. In addition to being responsive to the requests for information in nearly all areas, a number of suggestions were made concerning both the general philosophy of user fees as well as details of the demonstration fee schedule.

In light of the comments and recommendations received, and other information, a conceptual legislative proposal is being developed along with demonstration fee schedule revisions. Of necessity, both the illustrated budget level and the hundred percent recovery level used in the demonstration fee schedules have remained unchanged. As new budget figures and program distributions are developed, revisions in all the areas will be made to reflect the changes.

The enclosure includes a summary of a number of revisions to the demonstration fee schedules and the revised demonstration fee schedules.

A number of commenters expressed concern on some very basic philosophical and practical points. While all of these could not be accommodated, they were given very serious consideration. Many expressed concern over equity among marine users as well as among the various transportation modes. It is believed that the enclosed demonstration fee schedules reflect equity among the user groups. The need for user group input into setting the level of service to be provided was a common concern. It is clear that the services provided should reflect the needs of the users. This may be accomplished by incorporating the views of the users at both the national and local level.

ENCLOSURE

As indicated, the comments received to date have been very helpful and responsive. The review process is continuing. The information included in the enclosure should be viewed as an "update" and not a final version. Please review the enclosure and make any comments that you feel are appropriate.

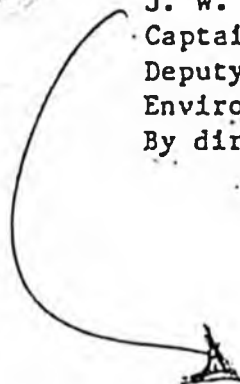
Thank you for your cooperation.

Sincerely,

J. W. KIME
Captain, U. S. Coast Guard
Deputy Chief, Office of Marine
Environment and Systems
By direction of the Commandant

Talked with:
Capt. Wm. Riedel
426-2274

Enclosures



D.C.

202-426-2008

5. Great Lakes

- All fees similar to same types of commercial vessels in inland or coastal areas
- Domestic icebreaking surcharge during January 15 - March 31 period has been eliminated

6-11. Direct Charges

- Commercial vessel safety fee schedules expanded to present more discreet client identification
- Terminals "sized" with separate fee for very small terminal and a greater spread in terminal sizes
- An incident fee has been established for cargoes of particular hazard

Introduction

New demonstration fee schedules have been developed based on the comments and responses to the public meetings held in September and written comments and recommendations received subsequently. All comments were given careful review. The budgetary figures used previously and the hundred percent recovery level has been continued. It is recognized that the cost figures will need to be revised to reflect the program costs at the time of implementation.

Summary of Changes in Fee Schedules

1. Recreational Boats

- Added inland boats (5 to 8 million)
- Divided into three groups: Internal, Inland, and Coastal
- All recreational boating SAR costs distributed to coastal group. Population and other appropriate costs distributed 75-25% between inland and coastal

2. Inland Uninspected Vessels

- Number of towboats has been refined to reflect a more accurate number using inland waters
- Classes of horsepower ratings have been changed from 4 to 3
- Barges have been grouped into two sizes breaking at 1600 gross tons in lieu of 1000 gross tons

3. Fishing Vessels

- Separated into domestic and foreign fleet
- Fee is identical for each class of vessel, whether foreign or domestic to provide fair and equal treatment

4. Commercial-Domestic and International

- Numbers of tugboats have been refined to reflect more accurate number using coastal waters
- Three groups for tugboats used. Horsepower ratings used to group (similar for coastal and inland fees)
- Barges have been grouped into two sizes breaking at 1600 gross tons with fees similar to like inland barges
- A separate fee schedule established for Mobile Offshore Drilling Units (MODU's)

DEPARTMENT OF TRANSPORTATION

U. S. COAST GUARD

(\$ in thousands)

ESTIMATED RECOVERABLE COAST GUARD OPERATING EXPENSE EXPENDITURES FOR FY 1982
 COSTS RECOVERABLE BY INDIRECT CHARGES - RECREATIONAL BOATING.

~~ESTIMATED RECOVERABLE COAST GUARD OPERATING EXPENSE EXPENDITURES FOR FY 1982~~

	<u>Totals</u>	<u>Internal</u>	<u>Inland</u>	<u>Coastal</u>
+ Search and Rescue.....	\$152,655	-	-	\$152,655
+ Short Range Aids to Navigation.....	4,505	-	\$ 3,380	1,125
+ Radionavigational Aids.....	366	-	-	366
+ Commercial Vessel Safety.....	1,000	-	750	250
+ Recreational Boating Safety.....	49,794	24,000	19,345	6,449
+ Port Safety and Security.....	291	-	216	75
+ Marine Environmental Protection.....	4,075	-	3,055	1,020
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Subtotals	\$212,606	\$24,000	\$26,746	\$161,940
TOTAL			\$212,606	

I. RECREATIONAL BOATING

A. Discussion

1. 100% of all allocated costs recovered.
2. Three groups of recreational boaters established:
 - a. Those using only internal waters of states
 - b. Those using only inland navigable waters
 - c. Those using only coastal areas
3. Those using internal waters only do not benefit from CG operational services (e.g., SAR, aids to navigation) and therefore should not be charged for them.
4. Practically all search and rescue activity takes place in coastal areas. Therefore it is more equitable to charge higher fees for boats which use those waters, than those which restrict their activities to inland waters.

B. Demonstration Fee Schedule

1. Internal Waters - Annual Fees

	<u>Number</u>	<u>Fee</u>	<u>Amount (000's)</u>
Recreational Boats	6,000,000	\$4	\$24,000

2. Inland Area - Annual Fee

<u>Class</u>	<u>Number</u>	<u>Fee</u>	<u>Amount (000's)</u>
Less than 16 feet	2,600,000	\$ 4	\$10,400
16 to 26 feet	1,650,000	9	14,850
27 to 40 feet	57,000	15	855
41 to 65 feet	-	-	-
More than 65 feet	-	-	-
Total	<u>4,307,000</u>		<u>\$26,105</u>

3. Coastal Area - Annual Fee

<u>Class</u>	<u>Number</u>	<u>Fee</u>	<u>Amount (000's)</u>
Less than 16 feet	400,000	\$ 50	\$20,000
16 to 26 feet	750,000	110	82,500
27 to 40 feet	200,000	200	40,000
41 to 65 feet	45,000	400	18,000
More than 65 feet	<u>3,000</u>	600	<u>1,800</u>
Total	1,398,000		\$162,300
TOTALS			\$212,405

DEPARTMENT OF TRANSPORTATION

U.S. COAST GUARD

(\$ In Thousands)

ESTIMATED RECOVERABLE COAST GUARD OPERATING EXPENSE EXPENDITURES FOR FY 1982 (1)

~~COSTS RECOVERABLE BY INDIRECT CHARGES - COMMERCIAL AND FISHING~~

COSTS RECOVERABLE BY INDIRECT CHARGES - COMMERCIAL AND FISHING

	<u>Total</u>	<u>Inland</u>	<u>Flagship Fleet</u>	<u>Domestic & International</u>	<u>Grant Taken</u>
		- Tonnage - Dues	- Domestic - Foreign	- Foreign & U.S. Inspected - Domestic (Inspected and uninspected) - Tonnage - Dues (Inspected and uninspected) - MXX	- All
Search and Rescue.....	\$113,604	\$ 0	\$ 92,304	\$ 17,750	\$ 3,550
Wart Dues Aide To Navigation.....	214,003	24,069	99,027	74,330	15,769
Warrant/International Aide.....	35,239	0	29,900	4,627	712
Relief Administration.....	5,050	5,050	0	0	0
Domestic Icebreaking.....	12,630	0	0	3,791	0,847
Port Safety and Security.....	33,147	2,466	5	20,946	1,730
Marine Environmental Protection....	<u>44,030</u>	<u>4,343</u>	<u>7</u>	<u>30,200</u>	<u>2,200</u>
Total.....	\$450,511	\$36,720	\$221,243	\$167,732	\$32,000

II. INLAND UNINSPECTED VESSELS

A. Assumptions

1. One hundred percent (100%) of allocable costs will be recovered.
2. Continued use of the fuel tax is proposed (P.L. 95-502). The current 4¢/gallon fuel tax applied to less than the total inland towboat fleet is recovering approximately \$20 million. Therefore, it is estimated that an additional 6¢/gallon on the whole fleet would yield approximately \$36 million.
3. The numbers of towboats listed below includes boats using inland waters. Horsepower ratings generally reflect varying levels of use of applicable Coast Guard programs. Similar horsepower ratings are also used for tugboats and towboats in the domestic coastal trade.
4. Barges have been grouped into two sizes. In addition to the annual fee for indirect services, inspected barges will also be subject to any applicable direct charge.

B. Demonstration Fee Schedules

1. Annual Fee

	<u>Class</u>	<u>Number</u>	<u>Annual Fee</u>	<u>Amount (000's)</u>
Towboats -	Less than 1000HP	2,520	\$2,000	\$5,040
	- 1000 to 4999HP	1,500	5,000	7,500
	- 5000HP and Over	<u>160</u>	10,000	<u>1,600</u>
	Subtotal	4,180		\$14,140
Barges -	Less than 1600GT	20,000	800	\$16,000
	- 1600GT and Over	<u>4,000</u>	1,600	<u>6,400</u>
	Subtotal	24,000		\$22,400
	TOTAL			\$36,540

FISHING FLEETS

~~FISHING FLEETS~~ (DOMESTIC AND FOREIGN)

A. Assumptions

- Separate schedules will be proposed for domestic and foreign.
- ~~Separate schedules will be proposed for domestic and foreign~~ and divided into the same classes
the f schedule reflects an identical fee for each class
 - ~~Separate schedules will be proposed for domestic and foreign~~
~~each class of vessel~~ of VESSEL, whether foreign or domestic to provide equal treatment
 - Make-up of foreign category estimated from past fishing permit issuance and indicates the aggregate number of vessels in operation but does not double count where more than one permit is issued to a single vessel.

B. Demonstration Fee Schedule - Fishing Fleets (Domestic/Foreign)

1. Domestic Fishing Vessels - Annual Fees

Class	Number	Annual Fee	Amount (000's)
Less than 100GT	120,000	1,350	\$162,000
100 to 199GT	5,000	1,800	9,000
200 to 299GT	3,800	2,000	7,600
300 to 1599GT	500	20,000	10,000
1500GT and Over	100	40,000	4,000
Subtotals	129,400		\$192,600

2. Foreign Fishing Vessels - Annual Fees

Class	Number	Annual Fee	Amount (000's)
Less than 100GT	0	\$ 1,350	\$ 0
100 to 199GT	0	1,800	0
200 to 299GT	450	2,000	900
300 to 1599GT	450	20,000	9,000
1500GT and Over	450	40,000	18,000
Subtotals	1,350		\$27,900

TOTALS 130,750

\$220,500

A. Assumptions

1. Vessels in international trade:
A tonnage fee on gross registered tons will be used and collected by Customs
2. Vessels in domestic coastal trade:
An annual fee will be used. Same classes and charges as commercial fishing vessels.
3. Towboats/tugs:
Class sizes by horsepower reflect different levels of use of Coast Guard programs. The same classes and fees apply as to inland towboats and tugs.

B. Demonstration Fee Schedule

1. International Trade - (See Note (1))

	<u>Net Registered Tons</u>	<u>Fee</u>	<u>Amount (000's)</u>
Tonnage Fee	500,000,000	0.24	\$120,000

2. Domestic Coastal Trade (Excludes listings under 3, 4 and 5)
Annual Fee - (See Note (2))

<u>Class</u>	<u>Number</u>	<u>Annual Fee</u>	<u>Amount (000's)</u>
Less than 100GT	0	\$1,350	\$ 0
100 to 199GT	0	1,800	0
200 to 299GT	4,000	2,000	8,000
300 to 9GT	200	20,000	4,000
1600GT Over	<u>500</u>	40,000	<u>20,000</u>
Totals	4,700		\$32,000

3. Tug/Towboats - Annual Fee

<u>Class</u>	<u>Number</u>	<u>Annual Fee</u>	<u>Amount (000's)</u>
Less than 1000HP	1,890	\$ 2,000	\$3,780
1000 to 4999HP	860	5,000	4,300
5000HP and Over	<u>120</u>	10,000	<u>1,200</u>
Subtotal	2,870		\$9,280

4. Barges - Annual Fee (See Note (2))

<u>Class</u>	<u>Number</u>	<u>Annual Fee</u>	<u>Amount (000's)</u>
Less than 1600GT	1,800	\$ 800	\$1,440
1600GT and Over	<u>2,400</u>	1,600	<u>3,840</u>
Subtotal	4,200		\$5,280

5. MODU's - Annual Fee

<u>Class</u>	<u>Number</u>	<u>Annual Fee</u>	<u>Amount (000's)</u>
MODU	580	\$1,000	\$580
TOTAL			\$167,140

- NOTE: (1) Tonnage fee similar to limitations of current tonnage tax administered by Customs.
- (2) Vessels and barges sailing in both domestic and international trade subject to the greater of the annual fee or the tonnage fee.

ALASKA STATE LEGISLATURE - SENATE



SENATOR RICHARD I. ELIASON

P.O. BOX 143

SITKA, ALASKA 99301

POUCH V

JUNEAU, ALASKA 99801

COMMITTEES
FINANCE
RESOURCES
STATE AFFAIRS

February 9, 1982

Captain William Riedel
U.S. Coast Guard Headquarters (G - WS/11)
Washington D.C., 20593

Dear Captain Riedel,

Thank you for the information you provided my staff member Mary Levan by telephone and for the additional information you sent by mail. At your suggestion I am writing to express several of my specific concerns about the "user fees" which the federal government proposes to impose on boat owners.

I am enclosing for your review a draft copy of the resolution which I am introducing in the Alaska State Legislature. It touches on many of my concerns about the user fees.

The particularly important point to consider is the high fee proposed for fishing vessels under 100 gross tons. Most fishing vessels in Alaska fit into this category, but many of these are small, ranging from 16 to 40 feet. Using statistics from the Commercial Fisheries Entry Commission on gross weights reported for Commercial Fishing Vessel Licenses, I have figured out that of those which fall under the 100 gross ton category, over 83% are under 25 gross tons. And many of those are considerably smaller than 25 gross tons. It is discriminatory and inequitable to charge the same fee to a 20' foot handtroller whose net income is often about one thousand dollars and a 58 foot seiner who may make \$20,000 or more. This is especially unreasonable when the user fee proposed is so high that it would put many small boat fishermen out of business and even be a hardship for many larger boat owners. Many of these fishermen have no alternative means of making a living.

If extra revenue must be collected, I don't believe most boat owners would object as much to higher charges for such direct services as vessel documentation, safety inspections, and special occasions when the Coast Guard patrols and stands-by such as salmon derbies and regattas.

Captain William Riedel
February 9, 1982
Page 2

The proposed fees seem inconsistent with President Reagan's philosophy of maintaining taxation on luxury items while providing incentives to encourage private enterprise. In the proposal we see fairly low fees for pleasure craft and exorbitantly high fees for even the very small commercial fisherman. Many of Alaska's fishermen are struggling right now financially and any fees imposed must be in line with their ability to pay this added expense. I suggest a rate structure based on length or weight of vessels beginning with very small boats at a very low rate and adding a small amount for each additional unit of weight.

I am also concerned about the fact that Alaska is dealt with in the proposal exactly as other coastal states are. Alaska has unique circumstances and problems and has special dependence on the Coast Guard. Boat owners are only one of the user groups for Coast Guard Services here. Great distances between towns and the lack of other medical and emergency services make all Alaskans dependent on the Coast Guard. Every resident of coastal areas is dependent upon marine transportation, ferries, and barges to get virtually all of their supplies. This makes each of these people indirect users of navigational aids, ice breaking services, and so on. The aviation industry also makes constant use of marine navigational aids. It is, of course, nearly impossible to collect specific user fees from all of the people dependent on the Coast Guard services, but it is unfair to hit boat owners alone with the burden of support.

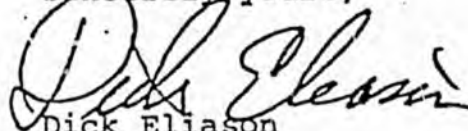
Furthermore, there are vast areas in Western Alaska where there are almost no available Coast Guard services - no stations, no navigation aids, and emergency help is so far away as to be of little help in a real emergency. Boat owners in these areas can hardly be expected to pay the same fee as those who live in areas where Coast Guard services are constantly available and used.

Several more concerns are outlined in the attached resolution. These should be self-explanatory. As the resolved clause states, we request a review of the user fee proposal. I seriously question the very concept of imposing user fees for such a basic government service. Government has gotten into many areas over the last few years which are better

Captain William Riedel
February 9, 1982
Page 3

left to private enterprise or for which specific users ought to be charged. The Coast Guard, however, is an entity much like the military or the National Guard, an entity to provide basic security functions for the people, services which are appropriate for a democratic government to provide. If however, the user fees are indeed imposed, we implore you to see that they are administered justly and equitably and are not an unbearable burden to the people served.

Sincerely yours,



Dick Eliason
State Senator
District B

cc: Admiral John B. Hayes
Captain J.W. Kime