

HJR

51

Hein
3/26/86 ✓

Original sponsors: Sund, Szymanski,
Goll, et al

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 SENATE CS FOR HOUSE JOINT RESOLUTION NO. 51 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 Relating to Coast Guard user fees.

6 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

7 WHEREAS the United States Senate is considering, as part of Senate
8 Concurrent Resolution 32, a proposal to impose user fees on commercial
9 fishing and recreational boat owners; and

10 WHEREAS it is inappropriate to require boat owners, rather than the
11 general public, to bear the cost of basic governmental functions, such as
12 search and rescue, aiding navigation, and protecting the marine environ-
13 ment; and

14 WHEREAS the Alaska State Legislature strongly objects to imposing user
15 fees on small commercial fishing vessel operators, especially because there
16 is no guarantee that funds raised by user fees would be earmarked for
17 boating purposes; and

18 WHEREAS it would be inequitable for boat owners to bear the entire
19 cost of user fees, since in Alaska, unlike other states, the "users" of the
20 above-mentioned Coast Guard services include not only boat owners, but also
21 mountain climbers, hikers, hunters, users of canoes and kayaks, persons in
22 need of medic and other emergency aid in rural villages and remote areas,
23 aviators who rely on navigation aids, and persons dependent upon marine
24 shipments for necessities; and

25 WHEREAS vessel owners are already subject to federal motorboat fuel
26 taxes intended for boating and fishing enhancement; and

27 WHEREAS the proposed fee structure discriminates against smaller
28 commercial fishing vessel operators by charging a flat annual fee of \$540
29 for each commercial vessel under five gross tons, which is substantially

1 more burdensome than the fee proposed for larger commercial vessels; and

2 WHEREAS the user fees proposed for the owners of small fishing boats
3 in Alaska would, in many cases, exceed the owners' annual net income and
4 thereby force the owners out of business; and

5 WHEREAS the fixed rate structure for user fees being considered does
6 not allow for adjustments during lean years in the Alaska commercial fish-
7 ing industry; and

8 WHEREAS the proposal would likely result in a doubling of fees in
9 federal fiscal years 1987 through 1990; and

10 WHEREAS since Coast Guard services are almost entirely unavailable in
11 many of the remote areas of Alaska, it is inequitable to charge owners in
12 those remote areas the same fee charged vessel owners in areas that are
13 well serviced by the Coast Guard;

14 BE IT RESOLVED that the Alaska State Legislature respectfully requests
15 that the President of the United States direct the Secretary of Transporta-
16 tion to reject the proposed imposition of Coast Guard user fees on boat
17 owners, or in the alternative, to approve the proposed user fees only if
18 the rate structure equitably distributes the economic burden of the fees
19 among all users of Coast Guard services and avoids a severe economic impact
20 on Alaska commercial fishermen.

21 COPIES of this resolution shall be sent to the Honorable Ronald
22 Reagan, President of the United States; and to the Honorable Ted Stevens
23 and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don
24 Young, U.S. Representative, members of the Alaska delegation in Congress.
25
26
27
28
29

JOHN SUND, REPRESENTATIVE

*2505 2nd Avenue
Ketchikan, Alaska 99901
(907) 225-5552*

*While in Juneau
P. O. Box V
Juneau, Alaska 99811
(907) 465-4919*

March 7, 1986

MEMORANDUM

TO: Frank Homan, Senate Resources Aide

FROM: Howard Wayne, Rep. Sund's office

RE. HJR 51 - Coast Guard User Fees
.....

This resolution recently passed out of the Senate Transportation Committee, and John would like to get it scheduled in your committee as soon as possible. Let me know what you can do.

In the backup for HJR 51 you'll find:

- A copy of the resolution.
- A copy of the federal legislation. (HR 1936)
- A memo from John outlining the issue.
- A memo from K.C. Bell regarding fee schedule and bill status.
- House State Affairs Committee -C- fiscal note.

I also have letters of support and a list of people to testify. Let me know what you need.

Thanks for your help!

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
BETTYE FAHRENKAMP, Vice Chairman
JACK COGHILL
DICK ELIASON
VIC FISCHER
RICK HALFORD
FRED ZHAROFF



POUCH V
JUNEAU, ALASKA, 99811
(907) 465-4907

Senate Committee on Resources

M E M O R A N D U M

March 24, 1986

TO: All Members
Senate Resources Committee

FROM: Staff, Senate Resources Committee

RE: HJR 51 Relating to Coast Guard user fees

HJR 51 urges the Alaska delegation in Washington, D.C. to oppose the imposition of Coast Guard user fees on small commercial fishing vessels in Alaska. The resolution further urges that if the user fees are imposed, the fee structure be adjusted to protect the smaller commercial fishing vessels.

The sample fee structure attached shows that smaller commercial vessels under 5 gross tons would be assessed at a rate of \$540 to \$720 per year. Recreational boats would be assessed approximately \$23 per year.

There is a zero fiscal note.

Enclosures:

Memo from Rep. John Sund
Sample fee structure.
Fiscal note
Draft of HB 1936

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P. O. Box V
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January 30, 1986

MEMORANDUM

TO: House State Affairs Committee

FROM: Rep. John Sund

RE: HJR 51 - Coast Guard user fees

.....

Enclosed in your packet is a copy of Federal House Bill 1937, schedules of proposed direct and indirect fees, and a summary of the bill's status. Should it pass, this legislation would require Alaskan commercial and sport vessels to pay user fees for the following Coast Guard services:

seaman's documents and licenses
vessel inspection
merchant marine investigations
maintenance for aids to navigation
non-emergency search and rescue

The intent of the proposal is to raise the following revenue during the ensuing three years.

FY 36 - \$150 million
FY 87 - \$250 million
FY 88 - \$350 million

The following is a sample fee breakdown. The lower figure is that suggested by the Senate/White House and the high figure was the original OMB proposal.

Commercial vessels UNDER 5 GROSS TONS - \$540 - \$720 per year
(this could include skiffs, set net skiffs, handtrollers, etc.)

Commercial vessels between 5 - 99 gross tons - \$810 - \$1080

Recreational Boats - approximately \$23 per boat average.

This information was provided by K.C. Bell of Congressman Young's office and David Dye of Senator Stevens office.

HJR 51 opposes coast guard user fees overall, and specifically opposes the proposed distribution of fees.

February 11, 1986

Please telecopy these four pages to :

Mr. Howard Wayne
Office of Rep. John Sund
telcopy #: 465-4648

Mr. Wayne:

I am sending to you the SAMPLE fee breakdown supplied as part of H.R. 1936. As you can see, it reflects a \$23 charge for recreational boaters. It should be noted that the 1987 fiscal year budget presented to Congress still assumes that revenues will be collected through a Coast Guard user fee, although it is NOT factored into the Coast Guard budget request. The Subcommittee on Coast Guard and Navigation last year made it very clear that it continues to oppose such user fees.

I could not get a copy of S.Con.Res. 32 in time for you, however, I have enclosed a summary of the status of that legislation.

Please let me know if you require further information.

Sincerely,


K.C. BELL

FULL YEAR RECOVERY**INDIRECT FEES -- SAMPLE RECOVERY SCHEDULE**

CLASS	NUMBER VESSELS	AVERAGE ¹ ANNUAL FEE \$	RECOVERY FY86 \$000
A. REC BOATS	6,000,000	23	136,000
B. INLAND SYSTEM ²			57,000
C. FISHING VESSELS			
US <100GT	119,000	780	93,000
US >100GT	2,200	1800	4,000
FOR<100GT	0	900	0
FOR>100GT	840	2500	<u>2,000</u>
		TOTAL	99,000
D. INTERNATIONAL/COASTWISE			
COMMERCIAL VESSELS			
TONNAGE FEE ³			75,000
COASTAL <i>cd be as high as 50-80,000</i>	3,600	3,800	16,000
TOWBOATS	2,900	2,400	7,000
BARGES	4,000	2,000	8,000
MODU	300	2,000	<u>600</u>
		TOTAL	107,000
TOTAL INDIRECT RECOVERY			400,000

¹ Estimated Average annual fee. Actual fees may vary significantly when all computational factors are considered. Figures may not compute exactly due to rounding.

² Fees will be approximately 0.25 mills per ton-mile to permit compatibility with the Corps of Engineers fees and collection procedures.

³ Tonnage fee. This fee schedule will be administered in the same manner as the tonnage fees collected by customs in accordance with Title 19 § 4.20 U.S. Code. It will be approximately 5 times the amount currently assessed by Customs.

FULL YEAR RECOVERY**DIRECT FEES -- SAMPLE RECOVERY SCHEDULE¹**

DIRECT FEES	RECOVERY FY86 \$000
REGATTA PERMITS	200
REGATTA PATROLS	800
DOCUMENTATION OF VESSELS	2,000
ADMEASUREMENT OF VESSELS	2,000
INSPECTION OF VESSELS	36,000
PERSONNEL LICENSING	10,000
TERMINAL INSPECTIONS	24,000
DOMESTIC ICEBREAKING ²	<u>1,000</u>
TOTAL	76,000

¹ Actual fees will be determined by computed costs of services rendered to specific identifiable users.

² For specific identifiable users.

STATUS OF MAJOR BILLS—FIRST SESSION

Number of bill	Title	Reported	Passed House	Reported in Senate	Passed Senate	Sent to Conference	Conference report agreed to in—		Date approved	Law No.
							House	Senate		
LEGISLATIVE BILLS										
H. Con. Res. 172	Budget, First, 1986 (H. Rept. 99-133)	1985 May 20	1985 May 23	1985	1985	1985	1985	1985	1985	
H. Con. Res. 172	Budget, First, 1986		May 23	Mar. 20	May 9	May 23 ⁽¹⁾	(*)	Aug. 1 ⁽²⁾		
H.R. 2100	Food Security Act of 1985 (H. Rept. 99-273)	Sept. 18	Oct. 8		Nov. 23	Dec. 5	Dec. 18	Dec. 18		
H.J. Res. 372	Debt Ceiling Increase		Aug. 1	Sept. 26	Oct. 10	Oct. 15 Nov. 7	Dec. 18 (*)(*) Dec. 11	Nov. 1 ⁽³⁾ Dec. 11	Dec. 12	99-177
H.R. 2817	Superfund Amendments of 1986 (H. Rept. 99-253)	Nov. 12	(*)							
H.R. 3500	Budget Reconciliation (H. Rept. 99-300)	Oct. 3	Oct. 24							
H.R. 3838	Tax Reform Act, 1985 (H. Rept. 99-426)	Dec. 7	Dec. 17							
APPROPRIATION BILLS										
H.J. Res. 342	Supplemental, Agriculture, 1985		July 18		July 19				July 24	99-71
H.R. 1239	Supplemental Appropriations, African Relief (H. Rept. 99-2)	Feb. 21	Feb. 28	Mar. 5	Mar. 20	Mar. 27	Apr. 2	Apr. 2	Apr. 4	99-10
H.R. 2577	Supplemental Appropriations, 1985 (H. Rept. 99-142)	May 22	June 12	June 13	June 20	July 16	July 31	Aug. 1	Aug. 15	99-88
H.R. 2942	Legislative Branch, 1986 (H. Rept. 99-194)	July 10	July 13	July 25	July 31	Oct. 8	Oct. 29	Oct. 29	Nov. 13	99-151
H.R. 2959	Energy and Water, 1986 (H. Rept. 99-195)	July 10	July 16	July 25	Aug. 1	Oct. 1	Oct. 17	Oct. 17	Nov. 1	99-141
H.R. 2965	Commerce, Justice, State, Judiciary (H. Rept. 99-197)	July 11	July 17	Oct. 4	Nov. 1	Dec. 3	Dec. 5	Dec. 6	Dec. 13	99-180
H.R. 3011	Interior, 1986 (H. Rept. 99-205)	July 16	July 31	Sept. 24	(*)					
H.R. 3036	Treasury, Postal, 1986 (H. Rept. 99-210)	July 18	July 30	Sept. 9	Sept. 26	Oct. 8	Nov. 7	Nov. 7	(*)	
H.R. 3037	Agriculture, 1986 (H. Rept. 99-211)	July 18	July 24	Sept. 24	Oct. 16	Dec. 9				
H.R. 3038	HUD, 1986 (H. Rept. 99-212)	July 18	July 25	Aug. 28	Oct. 18	Nov. 6	Nov. 13	Nov. 13	Nov. 25	99-160
H.R. 3067	District of Columbia, 1986 (H. Rept. 99-223)	July 24	July 30	Sept. 9	Nov. 7	Dec. 4				
H.R. 3228	Foreign Assistance (H. Rept. 99-252)	Aug. 1								
H.R. 3244	Transportation, 1986 (H. Rept. 99-256)	Sept. 5	Sept. 12	Oct. 4	Oct. 23	Oct. 30				
H.J. Res. 388	Continuing, 1986 (H. Rept. 99-272)	Sept. 17	Sept. 18	Sept. 24	Sept. 25				Sept. 30	99-103
H.R. 3327	Military Construction, 1986 (H. Rept. 99-275)	Sept. 18	Oct. 17	Oct. 31	Nov. 7	Nov. 13	Nov. 20	Nov. 21	Dec. 10	99-173
H.R. 3424	Labor, Health, Human Services; 1986 (H. Rept. 99-289)	Sept. 26	Oct. 2	Oct. 4	Oct. 22	Nov. 5	Dec. 5	Dec. 6	Dec. 12	99-178
H.R. 3629	Defense, 1986 (H. Rept. 99-332)	Oct. 24	Oct. 30	Nov. 6						
H.J. Res. 441	Continuing, further, 1986		Nov. 12		Nov. 13				Nov. 14	99-154
H.J. Res. 465	Continuing, further, 1986 (H. Rept. 99-403)	Nov. 21	Dec. 4	Dec. 5	Dec. 10	Dec. 11 Dec. 17	(*) Dec. 19	Dec. 19	Dec. 19	99-190
H.J. Res. 476	Continuing, further, 1986		Dec. 12		Dec. 12				Dec. 13	99-179
H.J. Res. 491	Continuing, further, 1986		Dec. 17		Dec. 17				Dec. 17	99-184

* S. Con. Res. 32 became the budget vehicle subject to a House-Senate conference. * House receded from its amendment and concurred with a further amendment Aug. 1, 1985. * Senate concurred in further House amendment Aug. 1 (Legislative day of July 16), 1985. * House receded and concurred with amendments in Senate amendments Nos. 1 and 2 Nov. 1, 1985. * Senate agreed to House amendments with amendments Nov. 2, 4, 6, 1985. * House disagreed to Senate amendments and asked for further conference Nov. 6, 1985. * Vetoed Nov. 15, 1985. In House, referred to Appropriations Nov. 19, 1985. * H.R. 2777 passed House Dec. 10, 1985. Pursuant to H. Res. 331, H.R. 2005 became the vehicle subject to a House-Senate conference. * House rejected conference report Dec. 16, 1985. * Laid on the table Dec. 4 (Legislative day of Dec. 2), 1985.

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date : _____

REQUEST

Bill Resolution No. : HJP 51
 Title : Relating to Coast Guard
User Fees

 Sponsor : SUND
 Requestor : _____
 Date of Request : 2/14/86

FISCAL DETAIL

Agency Affected : _____
 BRU : _____

 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Prepared by : Representative Katie Hurley Phone : 465-4963
 Division : House State Affairs Committee Date : 2/14/86

Approved by ^{Chair} Katie Hurley Date : 2/14/86
 Agency : House State Affairs Committee

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

HR 1936
S. 1318

D R A F T B I L L

To authorize the Secretary of the department in which the Coast Guard is operating to establish fees for certain Coast Guard services and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Coast Guard User Fee Authorization Act of 1985".

Sec. 2. (a) At the end of part I of title 14, United States Code, add the following new chapter:

"CHAPTER 19 -- USER FEES

"Sec.

671. Definitions.

672. User fee authority.

673. Establishment of fees.

674. Collection of fees.

675. Treatment of receipts.

676. Annual search and rescue certification.

677. Exemptions.

678. Liability of the United States not altered.

679. Penalties.

"§ 671. Definitions

"In this chapter -

"(1) "associated equipment" -

"(A) means -

"(i) a system, accessory, component, or appurtenance of a recreational boat; or

"(ii) a marine safety article intended for use on board a recreational boat; but

"(B) does not include radio equipment.

"(2) "offshore facility" means any artificial island, installation, or other device permanently or temporarily attached to the seabed of the United States Outer Continental Shelf, which is erected thereon for the purpose of exploring for, developing, or producing resources therefrom.

"(3) "operating expenses" means costs incurred by the Coast Guard as necessary expenses for its operation and maintenance.

"(4) "owner" means a person who claims lawful possession of a vessel, facility, or terminal by virtue of legal title or equitable interest therein which entitles that person to such possession.

"(5) "recreational boat" means any vessel that is operated only for pleasure use.

"(6) "recreational boat and associated equipment manufacturer" means any person engaged in

"(A) the manufacture, construction, or assembly of recreational boats or associated equipment; or

"(B) the manufacture or construction of components for recreational boats and associated equipment to be sold for subsequent assembly; or

"(C) the importation into the United States for sale of recreational boats, associated equipment or components thereof.

"(7) "terminal" -

"(A) means -

"(i) a pier, wharf, dock, similar structure, or area of land to which a vessel is or may be secured;

"(ii) an area of land, water, or land and water under and in immediate proximity to a pier, wharf, dock, similar structure, or area of land to which a vessel is or may be secured;

"(iii) any building on or contiguous to a pier, wharf, dock, similar structure, or area of land to which a vessel is or may be secured;

"(iv) any equipment and materials on a pier, wharf, dock, or similar structure, or area of land to which a vessel is or may be secured, or in a building that is on or adjacent to such a structure or land; and

"(v) a deepwater port; but

"(B) does not include facilities operated by the
Department of Defense.

"§ 672. User fee authority

"(a) The Secretary, in consultation with affected Federal agencies, may establish a system of fees to recover that portion of the related operating expenses of services, which primarily benefit the users of the services and are beyond those benefits that accrue to the public at large, that are provided or made available by the Coast Guard to -

"(1) the owners, operators, or persons in charge of

"(A) vessels,

"(B) terminals, or

"(C) offshore facilities;

"(2) individuals who are licensed, certificated, or issued merchant mariners' documents by the Coast Guard;

"(3) recreational boat and associated equipment manufacturers;

"(4) manufacturers of materials and equipment approved by the Coast Guard; and

"(5) other users of Coast Guard services.

"(b) In addition to the operating expenses relating to the services authorized to be recovered under this subsection, the Secretary may also recover reasonable administrative and enforcement costs associated with this chapter.

"(c) The operating expenses of the following Coast Guard programs may not be included in the operating expenses to be recovered -

"(1) Enforcement of Laws and Treaties.

"(2) Polar Ice Operations.

"(3) Defense Readiness.

"(4) Waterways management.

(d) The fee schedule prescribed by this section may not conflict with the international obligations of the United States.

"§ 673. Establishment of fees

"(a) The Secretary shall issue regulations to carry out this chapter, including fee schedules.

"(b) The Secretary shall consider the following factors in establishing fees for Coast Guard services -

"(1) the costs of providing the services, excluding that portion of the costs that primarily benefits the public at large rather than the actual users of the service;

"(2) the number of vessels, terminals, offshore facilities, and persons affected;

"(3) the costs of administering and enforcing the collection of fees; and

"(4) the equity and economic impact of the charges to be imposed.

"§ 674. Collection of fees

"(a) The Secretary may collect fees from:

"(1) the owner, operator, or person in charge of -

"(A) a vessel (other than a public vessel) operating in or on waters subject to the jurisdiction of the United States,

"(B) a terminal, located on or adjacent to waters subject to the jurisdiction of the United States, or

"(C) an offshore facility;

"(2) individuals who are licensed, certificated, or issued merchant mariners' documents by the Coast Guard;

"(3) recreational boat and associated equipment manufacturers;

"(4) manufacturers of materials and equipment approved by the Coast Guard; and

"(5) other users of Coast Guard services.

"(b) The Secretary may employ any federal, state, or local agency or instrumentality, or private enterprise or business, to collect fees established under this section. These fee collection services, which shall not include the institution of litigation, may be provided under such reasonable terms and conditions, including reimbursement with proper accounting to the Secretary, as the Secretary and such agency or business agree.

"§ 675. Treatment of receipts

Amounts collected pursuant to this Act shall be deposited in the general fund of the Treasury as proprietary receipts of the department in which the Coast Guard is operating, ascribed to Coast Guard activities.

"§ 676. Annual search and rescue verification

"There shall be an annual verification by the Secretary that the amounts spent on Coast Guard search and rescue activities are not less than the amounts collected annually for such purposes.

"§ 677. Exemptions

"The Secretary may grant exemptions from any provision of this chapter or any regulations issued under this chapter.

"§ 678. Liability of the United States not altered

"The collection of fees for Coast Guard services shall not alter or expand the duties and liability of the United States under existing law for the performance of functions for which fees are collected, nor shall the collection of fees constitute an express or implied undertaking by the United States to perform any service or activity in a certain manner or to provide any service at a particular time and place.

"§ 679. Penalties

"(a) The owner, operator, or person in charge of a recreational boat who fails to pay a fee prescribed under section 672 of this title is liable to the United States Government for a civil penalty of not more than \$5000 for each occurrence, in addition to any fee imposed.

"(b) The owner, operator, or person in charge of a vessel (other than a recreational boat), terminal, offshore facility, any recreational boat or associated equipment manufacturer; manufacturer of materials or equipment approved by the Coast Guard; or other user of Coast Guard services who fails to pay a fee prescribed under section 672 of this title is liable to the United States Government for a civil penalty of not more than \$25,000 or two times the fee, whichever is greater, for each occurrence, in addition to any fee imposed.

"(c) Any individual licensed, certificated, or issued a merchant mariners' document by the Coast Guard who fails to pay a fee prescribed under section 672 of this title is liable to the United States Government for a civil penalty of not more than \$5000 for each occurrence, in addition to any fee imposed.

"(d) Any person who fails to comply with a regulation prescribed under this chapter is liable to the United States Government for a civil penalty of not more than \$5000 for each violation.

"(e) The vessel of any owner, operator, or person in charge who fails to pay a fee or penalty, or who fails to comply with a regulation prescribed under this chapter, also is liable in rem for the fee and any civil penalty assessed under this

section, and may be proceeded against in the United States District Court of any district in which the recreational boat or other vessel may be found.

"(f) A certificate, license, permit, approval, or document issued by the Coast Guard is invalid until all required fees have been paid to the United States Government.

"(g) After notice and an opportunity for a hearing, a person found by the Secretary to have violated this chapter or a regulation prescribed under this chapter for which a civil penalty is provided, is liable to the United States Government for the civil penalty provided. The amount of the civil penalty shall be assessed by the Secretary by written notice. In determining the amount of the penalty, the Secretary shall consider the nature, circumstances, extent, and gravity of the prohibited acts committed and, with respect to the violator, the degree of culpability, any history of prior offenses, ability to pay, and other matters that justice requires.

"(h) The Secretary may compromise, modify, or remit, with or without consideration, a civil penalty under this chapter until the assessment is referred to the Attorney General.

"(i) If a person fails to pay an assessment of a civil penalty after it has become final, the Secretary may refer the matter to the Attorney General for collection in an appropriate district court of the United States.

"(j) The Secretary may deny entry to a port or place subject to the jurisdiction of the United States to a vessel if any required fees have not been paid.

"(k) When requested by the Secretary, the Secretary of the Treasury shall deny the clearance required by section 4197 of the Revised Statutes of the United States, as amended, (46 App. U.S.C. 91) to the vessel until the fee assessed for Coast Guard services is paid or until a bond is posted for the payment thereof."

(b) The analysis of part I of title 14, United States Code, which is located immediately before chapter 1, is amended by adding at the end the following new item:

"19. User Fees.....671".

Sec. 3. Conforming amendments

(a) Subsection I of the Ship Mortgage Act, Sec. 30 of the Act of June 5, 1920, c. 250, 41 Stat. 1002 (46 App. U.S.C. 927), as amended by the Act of September 16, 1966 (Public Law 89-582, 80 Stat. 795) is amended by striking out the third and fourth sentences.

(b) Section 2110 of Title 46, United States Code (P.L. 98-89, August 26, 1983), is repealed.

STATEMENT OF PURPOSE AND NEED

The purpose of this bill is to amend Title 14, United States Code, to authorize the recovery of a proportion of the operating expenses incurred in providing certain Coast Guard services. The recovery of the Federal costs of providing services from those who primarily benefit from them has long been established and accepted as sound public policy.

Two major concepts underlie this cost recovery principle. One concerns fairness and equity in the distribution of the Federal tax burden. Those who obtain special services from the government above and beyond those that accrue to the public at large or who use government funded facilities should pay for them; those who do not should not be expected to share the cost. The second has to do with efficiency. For the market to operate as an efficient allocator of resources, the prices of goods and services should reflect their costs. The basic purpose of this legislation is to allocate the costs of providing certain Coast Guard services to those who primarily benefit from them.

User fees are a widely accepted, equitable means of supporting public programs and services. For many years user fees have been the principal means of supporting other transportation

programs. In the 1986 budget, President Reagan proposed to increase or institute numerous types of user fees, including those for certain Coast Guard services.

This proposal would authorize the Secretary of the department in which the Coast Guard is operating to collect from users the operating expenses proportionately allocable to the users of the following Coast Guard services:

1. Search and rescue;
2. Short range aids to navigation;
3. Radionavigation aids;
4. Domestic icebreaking;
5. Commercial vessel safety;
6. Recreational boating safety;
7. Port and environmental safety;
8. Marine environmental response; and
9. Bridge administration.

User fees would be charged only for Coast Guard services which relate to specific, identifiable persons or classes of users. Among the user groups which would be affected by user fees authorized under this legislation are persons who are issued certificates, permits, approvals, licenses, and documents by the Coast Guard and the owners, operators, and persons in charge of:

1. Commercial vessels, both U.S. and foreign flag;
2. Mobile off-shore drilling units and fixed off-shore structures;
3. Recreational boats that operate on waters subject to the jurisdiction of the United States; and
4. Terminals subject to Coast Guard inspections.

Based on a detailed analysis of the programs for which recovery would be sought, the expenses of the programs would be collected on a proportional basis from the various individual users or user groups, either as a charge for a specific service, when the user of the service is directly identifiable, or by an indirect charge in the form of an annual or biennial fee. Every reasonable effort would be made to make the fee

schedules equitable and reflective of the actual expenses incurred by the Coast Guard to provide a specific service or benefit to a particular user or class of users.

In response to concerns that have been raised about previous Coast Guard user fees proposals, the bill includes an accounting of the amounts collected and spent on search and rescue activities. This is designed to demonstrate that the amounts collected from marine users for this purpose do not exceed the costs of providing the services to those users.

Although all Coast Guard services benefit at least portions of the public at large in one way or another, there are some that clearly contribute to the general welfare, with little or no identifiable benefit to specific users. Those will not be subject to cost recovery. Activities to be excluded under this concept are as follows:

1. Enforcement of laws and treaties;
2. Polar ice operations;
3. Defense readiness;
4. Waterways management.

The Coast Guard currently collects as direct charges for Coast Guard services, or receives from user taxes, approximately \$ 16.8 million, less than 1% of its operating budget, from the following sources:

Motorboat fuel tax for recreational boating safety operating expenses .	\$ 15.0 million
Fees for yacht documentation	1.3 million
Fees for issuing certificates of financial responsibility to vessels	.5 million
Marking wrecks and obstructions to navigation	less than .1 million
Total	16.8 million

In addition to the fees currently generated, the Coast Guard, under section 9701 of title 31, U. S. Code, and sections 3317, 3506, and 7114 of title 46, U. S. Code, is authorized to collect additional user fees for the following Coast Guard services:

1. Permits for private aids to navigation;
2. Domestic icebreaking at the specific request of a user;
3. Inspection and examination of small passenger vessels and sailing school vessels;
4. Issuance of certificates, licenses, or permits related to small passenger vessels and sailing school vessels;
5. Providing required copies of laws to passenger vessels;
6. Material and equipment approvals and factory inspections;
7. Inspection of Outer Continental Shelf facilities;
8. Facility inspections;
9. Cargo of particular hazard inspections;
10. Issuance of regatta permits; and
11. Providing regatta patrols.

The proposed legislation will incorporate the above items and will thus result in all categories of users paying for similar services.

It is the policy of the Coast Guard to encourage private commercial provision of certain services which are currently provided by the Coast Guard. To this end, the Coast Guard has sought to establish formal agreements which would delegate specific authority to discharge certain Coast Guard functions to such organizations as the American Bureau of Shipping and the National Cargo Bureau. Examples of authority which the Coast Guard has delegated or might delegate in the future are new construction plan review and inspection of vessels, vessel measurement, Outer Continental Shelf inspection, load line examinations, and other program responsibilities that would lead to the minimization of direct governmental involvement in the maritime industry. Where delegation takes the place of the authority to provide services which are subject to user fees, the Coast Guard will terminate or reduce those fees when the service is performed and financed by the private sector.

However, it is difficult to shift much of the work to the private sector when the Coast Guard is charged with providing the same service at no cost to the user as a result of the

prohibition against charging fees in section 2110 of title 46, U. S. Code. The elimination of this prohibition would permit the delegation of additional services to the private sector.

An evaluation of Coast Guard programs for which expenses may be assessed under this proposed legislation results in the following estimates:

5 YEAR PROPOSED NET RECEIPTS
BY FISCAL YEAR
(In Millions of 1986 Dollars)

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
NET RECEIPTS	236	476	476	476	476

Thus, the expenses for which recovery authority is sought represent approximately 13% of all Coast Guard operating expenses, and 9% of the total estimated Coast Guard budget for FY 1986.