

H.R. 2163 and H.R. 2809

PRESENT LAW

AS REPORTED BY THE
COMMITTEE ON MERCHANT MARINE
AND FISHERIES

POSSIBLE ALTERNATIVE

A. H.R. 2163

1. Excise tax on
fishing equipment

a. 10-percent tax

10-percent manufacturers
excise tax on sale of
fishing rods, creels,
reels, artificial lures,
baits, and flies (including
parts or accessories sold
on or in connection
therewith)

10-percent manufacturers
excise tax on "sport
fishing equipment"--

Fishing reels, fabricated
rods and poles (and
component parts);
Organic, synthetic and
metallic lines;
Fishing spears and
underwater spear guns;
Items of terminal tackle
including leaders,
artificial lures,
artificial baits, and
artificial flies,
preserved salmon eggs,
fishhooks, bobbers,
sinkers, snaps, drayles
and swivels;
Fishing supplies
(stringers, creels,
tackle boxes, bags and
baskets designed to hold
fish, portable bait
containers, fishing
vests, landing nets,
hoops and gaff hooks);

Generally the same as the
Merchant Marine bill
except for the following
technical changes--

Redefine articles of
fishing equipment to
distinguish better
articles designed for
sport fishing (taxed)
from articles designed
for commercial fishing
(not taxed) (e.g., tax
fishing line under 131
lbs. test rather than
all fishing line);

Delete from list taxable
articles where multiple
uses would create
definitional problems
(e.g., ice augers also
used as post-hole
diggers) and articles
where enforcement a
special problem (e.g.,
manufactured ice houses
usually are built by
fishermen/users);

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Fishhook disgorgers,
scalars, rodholders, line
and fly dressing, fly
tying materials and
preserved packaged bait;
Tip-ups, tilts, ice augers,
ice spuds, ice skimmers,
manufactured ice houses
and ice windshields;
Rod belts, fishing chairs,
outriggers, downriggers,
fishing harnesses); and
Other similar items
designed for use in sport
fishing

Effective date.--Sales after
December 31, 1983

Clarify that natural bait
not subject to tax
(e.g., preserved
packaged bait);

Clarify that tax applies
to parts and
accessories sold on or
in connection with
taxable article
(present law); and

Delete authority of IRS
to designate additional
articles as subject to
tax (last item in
Merchant Marine bill).

Effective date.--Same as
Merchant Marine Bill

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b. 3-percent tax

No tax.

3-percent manufacturers
excise tax on sale of
electric trolling motors
and fishfinders (other than
digital depth finders)

Similar to Merchant Marine
bill, except for the
following technical
changes--

Articles taxed at 3-percent
rate are also defined as
sport fishing equipment
(for time of payment and
appropriation purposes);

Redefine fishfinders to
distinguish better
articles suitable only as
navigation aids (not
taxed) from those
suitable for finding fish
(taxed); and

Limit maximum tax on
fishfinders to \$60 (i.e.,
3-percent of \$2,000 sales
price).

Effective date.--Sales after
December 31, 1983

Effective date.--Same as
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2. Time for payment of tax
on fishing equipment

At least \$100 of total excise
tax liability--monthly on
last day of succeeding
month

Delays time of payment for
10-percent tax on sport
fishing equipment as
follows--

Present law -- Treasury
opposes any change

More than \$2,000 of total
excise tax liability in any
month of preceding quarter
--semimonthly on 9th and
24th of month

<u>Articles sold</u>	<u>Tax due</u>
Qtr. ending 12/31	3/31
Qtr. ending 3/31	6/30
Qtr. ending 6/30	9/24
Qtr. ending 9/30	as regs. provide

Payment of 3-percent
tax not provided deferral
(continue present 10-percent
excise tax rule)

Effective date--Sales after
December 31, 1983

Effective date--Same as
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3. Aquatic Resources Trust
Fund

No single Trust Fund for sport fish restoration and boating safety programs. Programs are financed as indicated below under explanations of Dingell-Johnson "fund" and Boating Safety Fund.

Same as present law

A new Trust Fund administered by the Secretary of the Treasury established in the Trust Fund Code of the Internal Revenue Code

Trust Fund has 2 accounts--

Sport Fish Restoration
Account
Boating Safety Account

Amount equivalent to revenue specified in explanation of accounts permanently appropriated into Trust Fund for expenditure as indicated below in description of accounts

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a. <u>Dingell-Johnson "fund"</u>	<u>"Fund"</u> .--Same as present law	a. <u>Sport Fishing Account</u>
<u>"Fund"</u> .--No separate fund in the Treasury but expenditures are tied to specific revenues	<u>Appropriation into "fund"</u> .--Amount equivalent to revenues from following sources dedicated to fish restoration projects-- Expanded 10-percent tax on fishing equipment Motorboat fuels taxes in excess of those deposited in Boating Safety Fund (see below) Import duties on yachts, pleasure craft, and fishing equipment (Revenues from 3-percent excise tax are not appropriated to "fund")	<u>Account</u> .--Separate account in Aquatic Resources Trust Fund
<u>Appropriation into "fund"</u> .--Amounts equivalent to revenues from 10-percent excise tax on fishing equipment permanently appropriated to "fund"		<u>Appropriation into account</u> .--Amount equivalent to revenues from the following sources dedicated to fish restoration projects-- Expanded 10-percent on fishing equipment New 3-percent tax on electric trolling motors and fish finders Motorboat fuels taxes in excess of those deposited in boating safety account and Land and Water Conservation Fund (see below) Import duties on yachts, pleasure craft, and fishing equipment

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Expenditure purposes.--
Permanent authority in
Secretary or Interior to
expend amounts equal to
revenues appropriated for
purposes described in 16
U.S.C. 777a (i.e., to
provide matching funds for
State fish restoration
projects).

Expenditure purposes.--
Same as present law Dingell
Johnson "fund" program except
adds authority to finance
boating facilities
improvement projects
(presently financed through
the Boating Safety Fund)

Expenditure purposes.--Same
as Merchant Marine bill
except limits to purposes
in law as of day after
date of the bill's
enactment

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b. Boating Safety Fund

Fund.--A separate fund in the Treasury entitled the "National Recreational Boating Safety and Facilities Improvement Fund"

Fund.-- Renames fund the "National Boating Safety Fund"

c. Boating Safety Account

Account.--Separate account in Aquatic Resources Trust Fund

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Appropriations into fund.--
Amount equivalent to revenues from motorboat fuels taxes. Transfers limited to \$45 million per year and fund limited to \$45 million balance at any time. Appropriations into fund provided through September 30, 1988

Expenditure purposes.--
Secretary of Transportation has contract authority and is authorized to spend, subject to amounts provided in appropriations Acts for liquidation of contract authority, an amount equal to the revenue appropriated to the fund

Appropriation into fund.--No change in funding amount or source but does extend appropriation to fund through September 30, 1989

Expenditure purposes.--Two-thirds of the amount transferred for each fiscal year authorized to be spent for State boating safety programs; one-third to be used for the operating expenses account of the Coast Guard for services provided by it for recreational boating safety; deletes facilities improvements as an approved expenditure purpose.

Effective date.--October 1, 1983

Appropriation into account.
Same as Merchant Marine bill except appropriation into account is made permanent

Expenditure purposes.--Same as Merchant Marine bill except limits to purposes in the law as in effect or day after date of bill's enactment

Effective date.--Same as Merchant Marine bill

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4. Land and Water
Conservation Fund

Receives amount equivalent to
motorboat fuels tax
revenues in excess of
amount transferred to
Boating Safety Fund (in
addition to revenues from
non-tax sources)

Excess motorboat fuels
revenues transferred to
Dingell-Johnson fund
program

\$1 million of motorboat fuels
revenues transferred to
Land and Water
Conservation Fund; balance
transferred to Aquatic
Resources Trust Fund

Effective date.--October 1,
1983

Effective date.--Same as
Merchant Marine bill

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B. H.R. 2809

No provision

Creates a new foundation, the National Fish and Wildlife Foundation, to accept and administer property on behalf of the U.S. Fish and Wildlife Service.
(Foundation not treated as agency of U.S.)

Delete tax provisions from H.R. 2809 and add to H.R. 2163

Exempts from all Federal, State, and local taxes--

Property and income of the Foundation
All transactions relating to property or income of the Foundation.

Provide Foundation with exempt status under section 501(c)(3) on enactment and provide that it can maintain that status so long as the Foundation meets the requirements of the IRC for exemption under section 501(c)(3)

Gifts to Foundation treated as gifts to U.S. (i.e., a 50 percent contribution limitation)

**ESTIMATED REVENUES AVAILABLE FOR SPORT
FISH RESTORATION PROGRAM UNDER PRESENT LAW
AND UNDER H.R. 2163 AS REPORTED BY THE
COMMITTEE ON MERCHANT MARINE AND FISHERIES,
FISCAL YEARS 1984-1988**

(millions of dollars)

<u>Revenue Source</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
Present law revenue (existing 10-percent excise tax on fishing equipment)	38	41	44	49	53
<u>Additional revenues</u>					
Expanded tax on sport fishing equipment	9 ^{1/}	13	13	14	14
Transfer of import duties on fishing equipment and certain boats ^{2/}	20	20	20	20	20
Excess motorboat fuels taxes (over that estimated going to the Boating Safety Fund) ^{3/}	22 ^{4/}	22 ^{4/}	22 ^{4/}	22 ^{4/}	23 ^{4/}
Total available ^{5/}	89 ^{4/}	96 ^{4/}	99 ^{4/}	105 ^{4/}	110 ^{4/}

^{1/} Partial year effect; January 1, 1984, effective date.

^{2/} Amounts now go into the general fund.

^{3/} Excess over the \$45 million limit going to the Boating Safety Fund. Such excess amounts now go into the Land and Water Conservation Fund.

^{4/} This assumes that the full \$45 million per year would be transferred to the Boating Safety Fund. However, if as the Treasury Department assumes there is only \$15 million appropriated and transferred each year, then there would be an additional \$30 million available for the sport fish restoration program.

^{5/} Amounts are available for appropriation for the sport fish restoration program in the year following receipt.