

# CRS Report for Congress

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## The Aquatic Resources Trust Fund

Eugene H. Buck  
Specialist in Natural Resources Policy  
Resources, Science, and Industry Division

### Summary

The Aquatic Resources Trust Fund was created in 1984 and subsequently amended to support a variety of programs. This report details sources of funding for this trust fund's two accounts — the Sport Fish Restoration Account and the Boat Safety Account — and summarizes the various programs and activities receiving funding from the trust fund. This report will be updated as circumstances warrant.

### Background

The Aquatic Resources Trust Fund (26 U.S.C. §9504) was established in 1984 by P.L. 98-369 (Div. A, Title X), commonly referred to as the Wallop-Breaux Amendment to the Federal Aid in Sport Fish Restoration program.<sup>1</sup> This trust fund is composed of two accounts — the Sport Fish Restoration Account and the Boat Safety Account. Subsequent to its creation, this trust fund has been amended to provide support to a variety of additional programs. This report details the sources of funding for the trust fund and its two accounts, and summarizes how various programs and activities receive funds from the two accounts.

### Income to the Aquatic Resources Trust Fund Accounts

**Sport Fish Restoration Account.** There is no limit on the maximum balance in this account. The Sport Fish Restoration Account receives income from five sources.

(1) As a permanent appropriation, this account receives, from the Highway Trust Fund, any remaining motorboat fuel taxes<sup>2</sup> in excess of \$70 million annually allocated to

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<sup>1</sup> The original program was created by the 1950 Dingell-Johnson Federal Aid in Sport Fish Restoration Act (Act of August 25, 1950; 64 Stat. 474).

<sup>2</sup> 1.08% of the total Highway Trust Fund is attributable to motorboat fuel taxes. Of the 18.3 cents per gallon federal fuel tax derived from motorboat fuel taxes, 13.5 cents per gallon is transferred to the Aquatic Resources Trust Fund (the rest — 4.8 cents per gallon — goes to “deficit

the Boat Safety Account and \$1 million annually allocated to the Land and Water Conservation Fund (26 U.S.C. §9503(c)(4)(C)). In recent years, annual income from this source has exceeded \$235 million; in FY2004, income was about \$238.6 million.

(2) This account receives, from the Highway Trust Fund, the annual tax receipts on small engine fuel used for outdoor power equipment (26 U.S.C. §9503(c)(5)). This transfer of funds is authorized through September 30, 2005 (26 U.S.C. §9503(c)(5)(A)). These funds were specifically to be used for coastal wetlands restoration. In recent years, annual income from this source has been slightly more than \$70 million; in FY2004, income from this source was about \$73 million.

(3) This account receives the annual receipts from a manufacturers' excise tax on sport fishing equipment (26 U.S.C. §4161(a)). This is a permanent annual appropriation to the Sport Fish Restoration Account (26 U.S.C. §9504(b)(1)(A)). In recent years, annual income from this source has been approximately \$100 million; in FY2004, income from this source was about \$104 million.

(4) This account receives the annual receipts from import duties on fishing tackle under heading 9507 of the Harmonized Tariff Schedule of the United States (19 U.S.C. §1202) and on yachts and pleasure craft under chapter 89 of the Harmonized Tariff Schedule of the United States. This is a permanent annual appropriation to the Sport Fish Restoration Account (26 U.S.C. §9504(b)(1)(B)). In recent years, annual income from this source has been between \$30 million and \$40 million; in FY2004, income from this source was about \$40.2 million.

(5) This account receives interest on funds invested prior to disbursal (26 U.S.C. §9602(b)). In recent years, annual income from this source has been approximately \$35 million; in FY2004, income from this source was about \$4.9 million. Income from this source can fluctuate widely, depending upon interest rates.

**Boat Safety Account.** This account receives receipts from motorboat fuel taxes from the Highway Trust Fund, not to exceed \$70 million annually (26 U.S.C. §9503(c)(4)(A)). The Boat Safety Account is statutorily limited to a maximum balance of \$70 million of unappropriated motorboat fuel taxes, plus interest earned by investment of account balances (26 U.S.C. §9503(c)(4)(A)(ii)(II)). The Boat Safety Account reached the maximum balance of \$70 million in 1999, and no further receipts have been deposited, as there have been no appropriations since FY1998 from this account to lower the balance. This transfer of funds is authorized through September 30, 2005 (26 U.S.C. §9503(c)(4)(A)(i)).

This account also receives interest on funds invested prior to disbursal (26 U.S.C. §9602(b)) — in FY2004, the income from this source was approximately \$1.4 million.<sup>3</sup>

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<sup>2</sup> (...continued reduction”).

<sup>3</sup> As of January 31, 2005, the addition of accrued investment interest resulted in a balance of \$92.9 million in the Boat Safety Account.

## Expenditures from the Aquatic Resources Trust Fund Accounts

**Sport Fish Restoration Account.** Eight separate programs are funded from this account, as follows:

(1) The Sport Fish Restoration Program (16 U.S.C. §§777, et seq.), administered by the Fish and Wildlife Service's Division of Federal Assistance, grants state agencies funding, based on a formula. Sixty percent of each state's share is based on its number of licensed anglers (fishermen) and 40% on its land and water area. No state receives more than 5% or less than 1% of each year's total apportionment. Puerto Rico receives 1%, and the Virgin Islands, Guam, American Samoa, Northern Mariana Islands, and the District of Columbia each receive one-third of 1%. Annually, between \$250 million and \$300 million has been allocated to states through this program; in FY2004, a total of \$290.2 million was distributed to states through the program. State projects funded by this program can include land acquisition, development (including boating access sites), research, operations and maintenance, sport fish population management, and program coordination. Prohibited activities are law enforcement and public relations. Historical state allotments are available at [<http://federalaid.fws.gov/apport/SFRAhistory.pdf>], visited on April 6, 2005.

(2) Section 7404(d) of the Transportation Equity Act (TEA-21; P.L. 105-178) authorized a boating infrastructure competitive grant program that provides matching funds to states to install or upgrade tie-up facilities for transient recreational boats 26 feet or more in length.<sup>4</sup> Annual state grants are authorized at \$8 million under this program; in FY2004, a total of \$5.7 million was distributed to states through the program.

(3) The Coastal Wetlands Planning, Protection and Restoration Act (Title III of P.L. 101-646) amended the Dingell-Johnson Sport Fish Restoration Act (16 U.S.C. §777c) to authorize an allocation of 18% of the Sport Fish Restoration Account for coastal wetlands programs. Of this total amount provided from the Sport Fish Restoration Account, 15% is provided for the National Coastal Wetlands Conservation Grants Program (about \$12 million annually; in FY2004, about \$15.5 million was distributed through this program), 70% is provided for the Corps of Engineers Louisiana Coastal Wetlands Restoration Program (about \$60 million annually; in FY2004, a total of about \$59 million was transferred to the Corps for this program), and 15% is provided for the North American Wetlands Conservation Fund (about \$12 million annually; in FY2004, a total of about \$11.2 million was distributed from this fund). Appropriations are authorized for these programs through FY2019 (§114(b), Division C, Title I of P.L. 108-447).

(4) The Clean Vessel Act of 1992 (Title V, Subtitle F of P.L. 102-587) authorized a competitive grant program for states to construct pump-out and dump stations to dispose of vessel sewage from recreational boaters. Annual state grants total approximately \$10 million under this program; in FY2004, a total of about \$5.6 million was distributed to states through this program. For more information about this grant program, see [<http://federalaid.fws.gov/cva/cvaapplication.pdf>], visited April 6, 2005.

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<sup>4</sup> 50 C.F.R. Part 86; 66 *Fed. Reg.* 5282-5294, Jan. 18, 2001.

(5) The National Outreach and Communications Program, an aquatic resource education initiative, provides for states to be reimbursed not to exceed 15% of the state's total Sport Fish Restoration apportionment. The Recreational Boating and Fishing Foundation,<sup>5</sup> a tax-exempt corporation, was established in 1998 to carry out this program to increase participation in recreational boating and fishing and to encourage greater public involvement in aquatic stewardship as mandated in the Sportfishing and Boating Safety Act of 1998 (Title VII, Subtitle D of P.L. 105-178). Authorization of appropriations for this program were provided through FY2003 (16 U.S.C. §777c(c)). Annually, about \$10 million is spent on this program; in FY2004, about \$2.3 million was provided.

(6) Funds from this account are also provided to the state recreational boating safety grant program (16 U.S.C. §777c(b)), reduced by 82% of any appropriations from the Boat Safety Account. Annually, a maximum of \$64 million from the Sport Fish Restoration Account is allocated to this program, as was done in FY2004.

(7) The Wildlife and Sport Fish Restoration Program Improvement Act of 2000 (P.L. 106-408) authorized a Multi-State Conservation Grant Program. From the Sport Fish Restoration Account, the Secretary of the Interior receives as much as \$3 million annually for this program (16 U.S.C. §777m(a)), with the maximum \$3 million provided in FY2004.

(8) In addition, 16 U.S.C. §777m(e) provides \$200,000 annually to four Interstate Fishery Commissions as well as \$400,000 annually to the Sport Fishing and Boating Partnership Council.<sup>6</sup> In FY2004, a total of almost \$1.4 million was provided under this authority.

Authorized administrative expenses for management of the Aquatic Resources Trust Fund by the Fish and Wildlife Service are identified in 16 U.S.C. §777h. In recent years, annual administrative expenses have been between \$8 million and \$9 million; for FY2004, administration expenses totaled almost \$9.3 million.

**Boat Safety Account.** A state recreational boating safety grant program, administered by the U.S. Coast Guard's Office of Boating Safety, is funded from this account (46 U.S.C. §13106). Appropriations are currently authorized from this account for state recreational boating safety programs through May 31, 2005 (26 U.S.C. §9504(c)).<sup>7</sup> However, no funds have been appropriated from the Boat Safety Account since FY1998 for the state recreational boating safety grant program. For more information on this grant program, see [<http://www.uscgboating.org/grants/state/rbs.htm>], visited on April 6, 2005.

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<sup>5</sup> For more information, see [<http://www.rbff.org/about/index.cfm?exp=yes>], visited on Apr. 6, 2005.

<sup>6</sup> Authorized by the Wildlife and Sport Fish Restoration Program Improvement Act of 2000 (P.L. 106-408).

<sup>7</sup> Section 13(b)(2) of P.L. 108-310.

## Legislative Issues

In addition to reauthorization and extensions of authorizations for appropriations, several other concerns relating to the Aquatic Resources Trust Fund were identified in legislation introduced in the 108<sup>th</sup> Congress. Two bills would have terminated the practice of dedicating a portion of motorboat and small engine fuel taxes to deficit reduction, thus increasing funds available for the Aquatic Resources Trust Fund. Other legislation sought to guarantee and increase funding for boat safety grants, to simplify program funding through the Aquatic Resources Trust Fund by assigning each program a fixed annual percentage of the total fund, and to distribute the unappropriated balance in the Boat Safety Account among various programs. Another bill proposed merging the two accounts of the Aquatic Resources Trust Fund, to be renamed the Sport Fish Restoration Trust Fund. None of these major initiatives was enacted by the 108<sup>th</sup> Congress, and these and other proposals are likely to be considered in the 109<sup>th</sup> Congress.

The American League of Anglers and Boaters (ALAB), a constituent group composed of 34 organizations representing a broad spectrum of fishing and boating interests, has been particularly active in advocating changes in how the Aquatic Resources Trust Fund is structured and managed. The legislative objectives of these groups include (1) permanent appropriation of funding to the Boat Safety Account; (2) a modified distribution of funds from the trust fund whereby all accounts would annually receive a fixed percentage of the total fund revenue, except for administration of the fund by the Fish and Wildlife Service, which would remain a capped dollar amount; (3) a 75/25 state match for the recreational boating safety program; and (4) reallocation of the fuel tax receipts currently dedicated to deficit reduction for boating and fishing programs.

Certain state interests, however, are concerned about continuing efforts to amend this legislation to, in their opinion, divert these funds from their primary and original intended use — support of state fishery research and management programs. These critics view the Sport Fish Restoration Program as the single most important source for state agency funding of these activities, and note that diverting funds to other uses directly reduces money available for state fishery programs.