

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6275

BILL NUMBER: HB 1336

NOTE PREPARED: Feb 19, 2003

BILL AMENDED: Feb 18, 2003

SUBJECT: Lake and River Enhancement.

FIRST AUTHOR: Rep. Adams

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill changes the flat \$5 lake and river enhancement fee to a fee ranging from \$5 to \$40 as determined by the value of a registered boat. It requires two-thirds of the revenue from this fee be allocated for the Lake and River Enhancement Fund and one-third of the revenue allocated for the Conservation Officers Marine Enforcement Fund. The bill also allows DNR to transfer 20% of the funds in the Conservation Officers Marine Enforcement Fund into the counties with special boat patrol needs fund. (The introduced version of this bill was prepared by the Natural Resources Study Committee.)

Effective Date: July 1, 2003.

Explanation of State Expenditures: The Bureau of Motor Vehicles (BMV) collects the Lake and River Enhancement Fee. Increasing the amount of the fee should not increase administrative expenses for the Bureau. The DNR administers the Lake and River Enhancement Fund. Expenses of administering the Fund are to be paid from money in the Fund.

Explanation of State Revenues: (Revised) The \$5 Lake and River Enhancement (LARE) fee currently generates approximately \$1.1 M annually. Increasing the fee to range from \$5 to \$40 as determined by the value of a registered boat would generate an additional \$2 M annually, based on the following table.

Estimated Revenue to be Generated from Increased LARE Fee (Boat Numbers are from February 10, 2003)			
Value of Boat	Amount of Fee	Number of Boats	Additional Revenue
\$0-\$1,999	\$5	85,907	\$ -
\$2,000-\$4,999	\$15	39,576	\$ 395,760
\$5,000-\$9,999	\$20	49,591	\$ 743,865
\$10,000-\$22,499	\$25	34,478	\$ 689,560
\$22,500-\$50,000	\$30	8,290	\$ 207,250
\$50,000 +	\$40	1,398	\$ 48,930
Total		219,240	\$ 2,085,365
2/3 to LARE Fund			\$ 1,390,243
1/3 to Conservation Officers Marine Enf. Fund			\$ 695,122
20% of Conservation Fund to Counties			\$ 139,024

Lake and River Enhancement Fund - Under the proposal, 2/3 of the revenue from this fee would be deposited in the Lake and River Enhancement Fund. Based on the additional revenue, the Fund would see an increase of approximately \$1.4 M. One-half of the money in the Fund is to be used to pay the costs incurred by the DNR in implementing the lake and river enhancement projects. The remaining 1/2 would be used to pay for lake projects, including projects to remove sediment or control exotic or invasive plants or animals. Money in the Fund at the end of the fiscal year does not revert to the state General Fund.

Conservation Officers Marine Enforcement Fund - One-third of the revenue collected, or approximately \$700,000, would be deposited in the Conservation Officers Marine Enforcement Fund. This fund is to be used for marine enforcement efforts associated with recreational boating on Indiana waters. The DNR may transfer up to 20% of the money in the Fund to counties with special boat patrol needs.

Money in the Fund is annually appropriated and allotted to the Department and does not revert to the state General Fund at the end of the fiscal year. Expenses for administering the Fund are to be paid from the Fund.

Background: The Division of Soil Conservation within the DNR administers the Lake and River Enhancement Fund. The Fund provides matching grants to evaluate or fund mechanisms to improve the quality of public-access lakes and streams by reducing soil erosion and nutrient input. Matching grants were provided to local lake associations for diagnostic, feasibility, or design studies and for construction or remediation work. Matching grants were also provided to soil and water conservation districts for watershed studies, erosion control practices, and land treatment applications. Watershed land treatment provided funding to farmers to prevent eroded soil and nutrients from getting into streams and lakes. Watershed land treatments were designed to prevent sediment from being deposited into the lakes.

The table below details the uses of the fund for the past several years.

Lake and River Enhancement Fund				
Funds Allocated Annually by the State Soil Conservation Board				
Fiscal Year	Watershed Land Treatment Projects	Lake and Streams Projects	Total	% Allocated to Lakes and Streams
1996	\$484,000	\$346,053	\$830,053	42%
1997	\$551,000	\$432,477	\$983,477	44%
1998	\$462,245	\$367,755	\$830,000	44%
1999	\$483,800	\$346,200	\$830,000	42%
2000	\$531,825	\$657,003	\$1,188,828	55%
2001	\$573,500	\$480,900	\$1,054,400	46%

Since its inception in 1990, the LARE Program has funded at least 241 projects in over 44 counties as of December 2001. Revenue from the Fund was also used to finance the 26-member Lake Management Work Group.

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) The DNR may transfer up to 20% of the money in the Conservation Officers Marine Enforcement Fund, or approximately \$140,000, to counties with special boat patrol needs.

State Agencies Affected: Department of Natural Resources.

Local Agencies Affected: Counties.

Information Sources: Budget Overview for the Lake Enhancement Fund and Jim Ray, Chief, LARE, Division of Soil Conservation, (317) 233-3871; Jane Morrical, Director of Treasury, Bureau of Motor Vehicles, (317) 232-2822; Marilyn Cage, Bureau of Motor Vehicles, (317) 233-1218.

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