

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 1, 2010
POSITION: Oppose

BILL NUMBER: SB 1093
AUTHOR: P. Wiggins

BILL SUMMARY: Ocean Protection Council: Dungeness Crab

Existing law establishes the Dungeness crab task force (task force), sunsets the task force effective January 1, 2011 and authorizes the placement of restrictions, until January 1, 2011, on a person's eligibility to take crab in state waters for commercial purposes. This bill would: (1) extend the sunset date of the task force and the crab eligibility restriction date to January 1, 2014, (2) authorize DFG to institute a pilot program for Dungeness crab limits for all California permit holders, and (3) create the Dungeness Crab Account in the dedicated Fish and Game Preservation Fund (FGPF) to administer the pilot program.

FISCAL SUMMARY

DFG currently spends \$60,000 from the Fish and Game Preservation Fund to provide a biologist, a warden and a warden lieutenant at each task force meeting. Extending the sunset date of the task force would require DFG to continue providing this staffing level payable from the Fish and Game Preservation Fund until January 1, 2014.

To implement the pilot program for Dungeness crab limits, DFG estimates it would cost \$188,000 annually in staff time and production costs to provide the necessary tags for California permit holders. This would be in addition to any staff time spent developing the pilot program. Additionally, we note that the bill would require that the Ocean Protection Council (OPC) work in conjunction with DFG on developing the pilot program. At this time, costs for both DFG and OPC staff time are unknown.

We note that the bill would not require DFG to expend effort to enforce the crab trap tag requirement beyond the effort currently expended enforcing commercial Dungeness crab statutes. However, the bill would create an expectation that DFG would enforce its provisions, including the requirement that traps have tags, and that vessels are operating within the limits established by this bill. DFG estimates the cost to enforce this bill would be approximately \$500,000.

We note that this bill would costs \$784,000 annually to retain the task force, produce tags, and enforce the new pilot program. DFG estimates it would issue approximately 195,000 tags. This results in a tag fee of about \$4 to offset the cost of implementing this bill. This excludes DFG and OPC staff time to develop the pilot program, which once known, would need to be calculated into the total annual cost. We note the typical fee, and what industry is willing to pay, for a crab tag is \$1.35. However, to offset the potential extra costs this bill authorizes a loan from the General Fund to DFG to administer the pilot program.

COMMENTS

Finance is opposed to this bill for the following reasons:

- This bill would create additional costs to the state which were not included in the Governor's Budget.

(Continued)

Analyst/Principal Date Program Budget Manager Date
(0634) M. Almy Karen Finn

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

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P. Wiggins

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**COMMENTS** (continued)

- Extending the sunset date of the task force and developing and implementing a pilot program for Dungeness crab limits would cost at minimum \$748,000 annually resulting in a tag fee of \$4 to offset the costs. To the extent that industry participation in the program is low, because of a 296.3 percent increase to typical tag costs, this bill would impose a pressure on the FGPF which is already structurally imbalanced.
- The bill would create an expectation that DFG would enforce its provisions, including the requirement that traps have tags, and that vessels are operating within the limits. DFG does not have the additional staff to accomplish this enforcement.
- The General Fund would not be a suitable fund to loan money to DFG for purposes of meeting the necessary expenses of the pilot program. Additionally, the FGPF would not be able to repay the loan because of its structural imbalance.

**SUMMARY OF CHANGES**

Amendments to this bill since our analysis of the April 19, 2010 version include the following significant amendments which do not change our position: (1) language added allowing crab taken pursuant to a testing program to be sold, provided proceeds are allocated to costs of the testing program or used for charitable purposes, (2) authorization for DFG to institute a pilot program for Dungeness crab limits for all California permit holders, (3) creation of the Dungeness Crab Account in the dedicated Fish and Game Preservation Fund (FGPF) and the requirement that trap tag fees collected pursuant to the pilot program be deposited into the Dungeness Crab Account and used to administer the pilot program, and (4) authorization for DFG to borrow money from the General Fund for purposes of meeting the necessary expenses of the pilot program.

Code/Department Agency or Revenue Type	SO LA CO RV	PROP 98	FC C	(Fiscal Impact by Fiscal Year)			Fund Code		
				(Dollars in Thousands)					
				2010-2011	2011-2012	2012-2013			
3600/Dept FishGam	SO	No	C	\$748	C	\$748	C	\$748	0200
<u>Fund Code</u>	<u>Title</u>								
0200	Fish and Game Preservation Fund								