

OREGON STATE MARINE BOARD

The Oregon State Marine Board (OSMB) was established in 1959 and is responsible for registering and titling all recreational motorized and sailboats 12 feet and longer in the state, providing boater education, marine law enforcement, facility access, and mitigating the effects of invasive species on native waters. The Board returns user fees (marine fuel tax and title and registration fees) to boaters in the form of boating safety and clean boating educational programs, marine law enforcement, and improved boating facilities. The Board consists of five members appointed by the Governor for four-year terms. The Board selects the agency’s executive director.

OREGON STATE MARINE BOARD	2009-11 Actuals	2011-13 Leg. Approved	2013-15 Current Service Level	2013-15 Governor's Budget	2013-15 Co-Chairs' Budget (1.0)	% Change 2011-13 LAB to 2013-15 CSL
Other Funds	22,201,108	23,287,102	21,984,696	26,028,371	0	-5.6%
Federal Funds	6,188,391	6,683,394	6,759,893	7,443,149	0	1.1%
TOTAL FUNDS	\$28,389,499	\$29,970,496	\$28,744,589	\$33,471,520	\$0	-4.1%
Positions	43	40	40	40	0	0.0%
FTE	41.38	39.50	39.50	39.50	0.00	0.0%

Major Revenues	Budget Environment	Comparison by Fund Type																								
<ul style="list-style-type: none"> The agency receives no General Fund support or Lottery Fund allocations. All agency programs are funded by three major revenue sources: Other Funds revenues in the 2013-15 biennium are projected to total \$31.3 million. <ul style="list-style-type: none"> Approximately 37% or \$11.3 million comes from registration, title, and aquatic invasive species fees. Approximately 34% or \$10.45 million comes from marine fuel taxes. A small amount (4% or \$1.27 million) of revenue is received from outfitter and guide registration, mandatory education, interest, miscellaneous sales, and late penalties. Federal Funds represent approximately 	<ul style="list-style-type: none"> Over the last 12 years, the average number of boats registered by OSMB was 184,647. The number of registered boats peaked in December of 2003 at 197,591. Current registration is estimated to be 169,188 boats, which would be its lowest point in the last 12 years. On average, registration has declined approximately 1% per year since 2000. The agency notes that even though the number of registered boats has declined, there is an increased utilization of waterways by non-registered craft, such as canoes, kayaks, rafts, and inner tubes. The decline in boat registration reduces registration and titling fee revenues and likely the amount of marine fuel tax received by the agency. The agency has administratively managed its budget to remain within available cash resources. 	<p>OREGON STATE MARINE BOARD</p> <table border="1"> <caption>Revenue Comparison by Fund Type (Millions of Dollars)</caption> <thead> <tr> <th>Year</th> <th>General Fund/Lottery</th> <th>Other Funds</th> <th>Federal Funds</th> </tr> </thead> <tbody> <tr> <td>2009-11</td> <td>\$0.0</td> <td>\$22.2</td> <td>\$6.2</td> </tr> <tr> <td>2011-13</td> <td>\$0.0</td> <td>\$23.3</td> <td>\$6.7</td> </tr> <tr> <td>2013-15 CSL</td> <td>\$0.0</td> <td>\$22.0</td> <td>\$6.8</td> </tr> <tr> <td>2013-15 GB</td> <td>\$0.0</td> <td>\$26.0</td> <td>\$7.4</td> </tr> <tr> <td>2013-15</td> <td>\$0.0</td> <td>\$0.0</td> <td>\$0.0</td> </tr> </tbody> </table>	Year	General Fund/Lottery	Other Funds	Federal Funds	2009-11	\$0.0	\$22.2	\$6.2	2011-13	\$0.0	\$23.3	\$6.7	2013-15 CSL	\$0.0	\$22.0	\$6.8	2013-15 GB	\$0.0	\$26.0	\$7.4	2013-15	\$0.0	\$0.0	\$0.0
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<p>34% or \$7.44 million. The sources of the agency's Federal Funds are:</p> <ul style="list-style-type: none"> • U.S. Coast Guard's Recreation Boating Safety (RBS) formula-driven grant program (\$4.2 million). • Boating Infrastructure Grant (BIG) program (\$1 million). • Clean Vessel Act (CVA) program (\$2.2 million). 	<ul style="list-style-type: none"> • Charter and Outfitter/Guide registrations are historically stable. General economic conditions drive this population of fee payers, but for the most part the clientele are motivated beyond economic concerns which add stability. Increased enforcement is anticipated to increase Outfitter/Guide numbers in 2012. • The interplay of motorized and non-motorized boating activities continues to be an issue that the agency must actively manage in terms of education, regulation, and law enforcement. The level of safety patrol and boating law enforcement will become more difficult as biennium-over-biennium funding of these activities by the agency will be relatively unchanged from the 2009-11 biennium. • The demand for technical and financial assistance to help maintain, repair, and replace aging boating facilities continues to rise. The Boating Access Improvement Plan (2011-2017) lists \$179 million in improvements identified by users and facility managers at 770 public boating access sites in Oregon. Looking beyond the 2013-15 budget period, it may be necessary to reduce programs and staffing if revenues will not sustain programs at current levels. 	

MAJOR CHALLENGES AND DECISION POINTS

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| <p>1) The Governor's budget (GB) requests spending authority for a total budget of \$33.5 million of which \$26 million is Other Funds and \$7.4 million is Federal Funds. The total GB is a 16.6% increase over the 2011-13 legislatively approved budget of \$28.7 million. Included within this request is the following:</p> <ul style="list-style-type: none"> a. Reductions for statewide administrative savings, PERS taxation policy and other PERS adjustments totaling \$223,294 total funds of which \$221,750 is Other Funds, and \$1,544 is Federal Funds. Requires legislation to implement. b. The 2011-13 legislatively approved budget suspended expenditures for the Abandoned Boat Removal Account and statutorily mandated surveys due to economic conditions and the likelihood that other agencies would not be able to provide the 25% match required to access the funds. The agency is proposing to lower the match to 10% in HB 2223 to amend ORS 830.926 which limits payment to 75% of the cost; and includes \$150,000 Other Funds to restore funding for the program and an additional \$153,000 Other Funds to restore funding for the triennial boating survey required by ORS 830.115 and the quadrennial fuel usage survey required by ORS 319.415, which will be conducted in the 2013-15 and 2015-17 biennia. c. The current Marine Board Accounting and Registration System (MARS) was designed and implemented in 1990 by DAS to process boat and floating property titling and registration. MARS was maintained by IRMD until 2006 at which time IRMD no longer provided the service. The Marine Board was able to contract for support for a limited timeframe which will end in 2014. The Legislature approved an agency proposal during the 2012 legislative session to replace the legacy mainframe system with a new registration system utilizing \$243,200 Federal Funds. The agency needs an additional \$151,000 Other Funds to complete the project during the biennium. | <ul style="list-style-type: none"> d. \$117,000 one-time OF expenditure limitation for six improvement projects to Marine Board operations: 1) network hardware replacement, \$19,000; 2) clean Marina program spill kits and bilge socks, \$13,000; 3) strategic planning implementation, \$50,000; 4) boating traffic surveillance equipment, \$5,000; 5) signage improvements, \$10,000; and 6) Aqua-Smart Program (boater safety education program for high school students) standardization, \$20,000. e. HB 2039 changes the Oregon Outfitter & Guide Program overseen by the Oregon State Marine Board and increases the annual registration fee from \$50 to \$150 for approximately 1,100 registered outfitters and guides. A companion measure, SB 25, proposes to shift all guide boats of 6 or fewer passengers for hire from the definition of a "Charter Boat" to the Outfitter & Guide program. This will reduce revenues going into the Charter Boat program and increase revenues for the Oregon Outfitter & Guide Program. The agency identified \$172,763 as the cost to implement the measure increasing law enforcement to reduce illegal guide operations relying on revenue from the fee increase. f. At the close of calendar year 2011, OSMB, although experiencing declining revenue, discovered it had a significant cash reserve. The agency proposed to the Emergency Board in November 2011 a plan using ¼ of those funds to restore level county enforcement funds and boat purchase capacity. The Legislature approved the one-time expenditure limitation in the 2012 legislative session. For the 2013-15 biennium, the agency proposes \$2.5 million OF and \$683,256 FF one-time expenditure limitation from this accumulated revenue to enhance funding for county sheriff enforcement contracts, boat purchases, training, and enhanced local grants for boating facility maintenance and improvements. |
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- g. The Aquatic Invasive Species Program (AIS) was created by the 2009 Legislature to keep Oregon's waters free of invasive species and to prevent the spread of existing AIS to new locations. OSMB implemented the permit program in 2010 and provides education, outreach, and coordination with law enforcement agencies. The Department of Fish and Wildlife (ODFW) operates the statewide watercraft inspection stations. OSMB's requested budget provides \$1,018,000 OF as a special payment to ODFW to operate the inspection teams during the 2013-15 biennium. This is an 11.5% increase over the special payment made in the 2011-13 biennium, however plans for 2013 are to expand the program to operate more inspection stations that are open more months of the year and expand hours weekly. Revenue projections for 2013-15 are less than expenditures by approximately \$200,000. The AIS program beginning balance is \$474,797 which will leave the agency with enough ending balance going into the 2015-17 beinnium, however if revenues do not increase, expenses will outstrip the agency's ability to support the program at the enhanced level.
- h. A Procurement and Contract Specialist 2 position requires reclassification to a Program Analyst 3 as a result of a review conducted by the Department of Administrative Services that determined that the position was misclassified based on the duties and responsibilities the employee has been performing. An increase of \$7,968 Other Funds will allow the agency to correct the classification and eliminate the work-out of class status.