Appendix IV – DNR Response to Task Force Questions

TASK FORCE TO STUDY THE BOATING INDUSTRY IN MARYLAND

The attached U.S. Coast Guard Report of Certificates of Number Issued to Boats (most easily understood when printed in color) gives the total number of vessels at 31 Dec 2007 authorized to use Maryland waters for more than 90 days.

A query of our database for boat value could be misleading because it would represent the value at time of registration, not a current value. Perhaps more helpful would be a review of vessels titled in 2007[1]:

Price Range	Qty	Avg Value	Excise Tax[2]
Under $10,000	23,082	$2,080	$2,230,944
$10,000 to $49,999	7,232	$22,385	$7,369,707
$50,000 to $99,999	1,458	$68,320	$4,487,499
$100,000 to $199,999	933	$140,368	$5,893,005
$200,000 to $499,999	539	$296,290	$6,567,875
$500,000 to $999,999	85	$653,499	$1,935,903
$1 million and greater	17	$1,373,005	$808,575

There were 29,182 vessel titling transactions in CY2007 that included a total of $64.2M in trade-in reductions, saving the vessel owners $3.2M in vessel excise tax.

An analysis of vessel excise tax collected in CY2007 totaling $27,126,344 indicates the following distribution among states based on residence state of the vessel owner:

$544,220	2%	Delaware
$20,012,200	75%	Maryland
$559,064	2%	New Jersey
$3,098,997	11%	Pennsylvania
$1,755,969	6%	Virginia
$1,155,894	4%	All other states

Every motorized vessel is required to be registered. The Department has no way to determine the number of unregistered vessels that are currently principally using Maryland's waters without the proper Maryland registration.

The Boat Tax Enforcement unit receives an average of 2,600 DNR Form B-110s annually, required to be completed by a purchaser when a vessel is purchased in

[1] Table is based on calendar year collections (Jan to Dec 2007 = CY2007) while the vessel excise tax attainment graph provided elsewhere is a fiscal year compilation (Jul 2006 to Jun 2007 = FY2007). The numbers will not match.

[2] The report source for this table also calculated the impact of a $200,000 value cap for the assessment of vessel excise tax. For the vessels titled in 2007, a $200,000 tax cap would have reduced vessel excise tax collections by $4.8 million (approximately 16%).

Maryland with the intention of establishing principal use elsewhere. One copy of the form is forwarded to the state of intended principal use.

	FY07	FY06	FY05	FY04	FY03
B-110s processed	2,533	2,689	2,805	2,749	2,439

All vessel excise tax is deposited into the Waterway Improvement Fund, dedicated to improving Maryland's waterways through dredging, the placement of navigational aids, the construction of boating access facilities, boater safety education and law enforcement. Vessel excise tax provides more than 90% of Fund revenue. The Department projects depletion of the Waterway Improvement Fund to $4M by the end of FY2008.

All other boating related fees (registration, title, security interest filing) are deposited into the State Boat Act Fund to be used for the administrative costs of implementing the State Boat Act. These fees have remained unchanged for decades. The Department projects depletion of the State Boat Act Fund to $3,600 by the end of FY2008.

		Since	Season 2007 Qty	
$2	Title fee	1965	31,715	$63,430
$24	Biennial registration	1970s	88,651	$2,127,624
$0	No-fee registration		15,862	$0
$10	Documented use decal (biennial)	1981	4,610	$46,100
$2	Replacement registration certificate	1970s	4,465	$8,930
$15	Security interest filing	1970s	5,616	$84,240
$25	Boat dealer license (annual)	1965	552	$13,800

The Boat Tax Enforcement unit investigates compliance with the vessel excise tax provisions of the State Boat Act using marine surveillance and research of databases provided by other government units. They also respond to contacts from law enforcement and the general public regarding possible non-compliance.

Current staff is thorough in their investigations and fair in their settlement negotiations, hence progressive decrease in the number of telephone conferences and OAH[3] hearings relative to total cases opened. The numbers also demonstrate that there are a large number of vessels intentionally circumventing Maryland's excise tax laws.

	FY07	FY06	FY05	FY04	FY03
Excise tax revenue	$1.54M	$1.74M	$2.88M	$2.84M	$1.75M
Cases opened	677	520	875	631	482
Telephone conferences	4	4	12	20	28
OAH hearings	1	2	3	5	10

[3] Office of Administrative Hearings

B-110s processed	2,533	2,689	2,805	2,749	2,439

Licensing & Registration FY08 budget dedicated to the Boat Tax Enforcement unit totals $459,865, allocated as follows:

	F080 Object	
$311,730	01	Salaries & wages
$114,428	02	Technical & special fees
$2,172	03	Communications (mobile phones)
$2,070	04	Travel (in-state)
$25,765	07	Motor vehicle operations & maintenance
$2,000	08	Contractual services
$300	09	Supplies & materials
$1,400	13	Fixed charges (subscriptions)

The Boat Tax Enforcement unit consists of the Director, an Administrative Assistant, 2 Administrative Investigators and 4 Field Investigators. The unit has a car and 2 trailerable watercraft pulled by trucks.

The subscription noted under “Fixed Charges” is for Lexis/Nexis access used in researching vessel ownership. The use of this service has reduced the need for subpoenas.

RECREATIONAL BOATS ONLY*

DEPARTMENT OF HOMELAND SECURITY
U.S. COAST GUARD
CGHQ-3923 (REV. 12-90)

REPORT OF CERTIFICATES OF NUMBER ISSUED TO BOATS

Includes All Registered Boats and those Numbered in Accordance with 33 CFR Parts 173 & 174

(Total Valid Certificates Outstanding As of 31 D 31 [31 December 2007)

FOR THE JURISDICTION OF

MARYLAND

HULL MATERIAL	26% UNDER 16 FEET				52,860	44.4% 16 TO LESS THAN 26 FEET				90,135	13.6% 26 TO LESS THAN 40 FEET				27,654
	POWER			AUXILIARY SAIL		POWER			AUXILIARY SAIL		POWER			AUXILIARY SAIL	
	INBOARD	OUTBOARD	STERNDRIVE*	INBOARD	OUTBOARD	INBOARD	OUTBOARD	STERNDRIVE*	INBOARD	OUTBOARD	INBOARD	OUTBOARD	STERNDRIVE*	INBOARD	OUTBOARD
Wood	19	1,041	3	2	40	299	632	34	11	34	516	17	14	73	17
Fiberglass	586	14,989	154	17	485	5,192	38,889	26,211	283	2,847	9,423	2,466	7,865	6,141	708
Metal	52	22,227	63	8	12	117	14,496	186	6	5	130	164	62	15	1
Inflatable	57	9,658	19	2	12	2	77	3	-	-	1	1	5	1	-
Other	16	3,345	7	5	41	10	730	22	8	41	11	8	6	9	-

HULL MATERIAL	2.2% 40 TO 65 FEET				4,476	0.06% OVER 65 FEET				119	TOTAL				
	POWER			AUXILIARY SAIL		POWER			AUXILIARY SAIL		POWER			AUXILIARY SAIL	
	INBOARD	OUTBOARD	STERNDRIVE*	INBOARD	OUTBOARD	INBOARD	OUTBOARD	STERNDRIVE*	INBOARD	OUTBOARD	INBOARD	OUTBOARD	STERNDRIVE*	INBOARD	OUTBOARD
Wood	203	1	2	20	2	10	1	-	1	-	1,047	1,692	53	107	93
Fiberglass	2,787	45	271	1,048	13	29	23	26	8	1	18,017	56,412	34,527	7,497	4,054
Metal	46	4	5	12	-	4	12	-	-	-	349	36,903	316	41	18
Inflatable	-	2	-	1	-	-	2	-	-	-	60	9,740	27	4	12
Other	6	1	1	6	-	1	-	1	-	-	44	4,084	37	28	82

*The term "sterndrive" includes inboard/outboards and jet drives.

HULL MATERIAL	OTHER BOATS					
	NOT MECHANICALLY PROPELLED			PERSONAL WATERCRAFT	OTHER BOATS	TOTAL
	ROWBOATS	SAILBOATS	CANOES/ KAYAKS			27,648
Wood	-	20	-	7	194	221
Fiberglass	-	428	-	18,695	4,297	23,420
Metal	-	5	-	17	2,174	2,196
Inflatable	-	5	-	148	463	616
Other	-	40	-	245	910	1,195

TOTAL BOAT REGISTRATIONS 202,892

13.6%

*TOTALS	2,903	175,244
Commercial Passenger:	48	
Commercial Fishing:	911	
Commercial Other:	1,944	

SCOPE OF REGISTRATION SYSTEM (COMMENTS):

Commercial vessels are not included in the report detail.

Report detail does contain 8,548 documented vessels with principal use in Maryland,

I certify that to the best of my knowledge and belief, the data above are correct.

Signature: Sharon Maenner Carrick Date: 1/17/08

MD Dept of Natural Resources
Licensing and Registration Service

205,795 boats are authorized to use MD water > 90 days
197,247 registered + 8,548 documented
202,892 recreational + 2,903 commercial

Maryland Department of Natural Resources
COIN System
Boats By County

Boat Year: 2007

Unknown	3,943
Anne Arundel	37,609
Allegany	2,420
Baltimore	21,172
Baltimore City	3,268
Calvert	7,767
Cecil	6,088
Charles	6,087
Carroll	5,018
Caroline	2,349
Dorchester	3,345
Frederick	6,489
Garrett	2,196
Harford	9,273
Howard	4,776
Kent	2,828
Montgomery	11,109
Prince George's	7,054
Queen Anne's	6,721
St. Mary's	8,732
Somerset	1,969
Talbot	5,784
Washington	4,363
Wicomico	4,094
Worcester	5,427
Out of State	25,914
Grand Total	205,795

Friday, January 18, 2008

FY 2008 Waterway Improvement Fund Distribution

Waterway Projects	26,700,000	67%
Administration OOS	1,240,000	3%
Project Management	1,729,146	4%
Vessel Titling/Licensing	2,767,361	7%
E&C, Parks, Planning	3,277,387	8%
NRP	2,157,840	5%
Buoy Operations	1,946,494	5%
Total	39,818,228	100%

31-Dec	TOTAL Vessels	Total Vessels CHANGE	Recreational Documented	TOTAL Registered	Commercial Registered	Recreational Registered	31-Dec	COMMERCIAL Passenger	Fishing	Other
2007	214,343		8,548	205,795	2,903	202,892	2007	48	911	1,944
2006	215,867	1% decrease	8,641	207,226	2,949	204,277	2006	50	841	2,058
2005	217,142	vs 2006	8,305	208,837	3,025	205,812	2005	51	758	2,216
2004	218,189	1 year	8,426	209,763	3,082	206,681	2004	48	661	2,373
2003	209,500		7,936	201,564	3,169	198,395	2003	36	593	2,540
2002	209,093	1% increase	7,781	201,312	3,300	198,012	2002	29	506	2,765
2001	209,223	vs 2002	8,759	200,464	3,459	197,005	2001	29	442	2,988
2000	221,021	5 years	9,098	211,923	3,737	208,186	2000	20	277	3,440
1999	220,828		8,393	212,435	3,669	208,766	1999	158	2,620	891
1998	206,217		9,444	196,773	3,827	192,946	1998	144	2,719	964
1997	201,565	7% increase	8,653	192,912	3,860	189,052	1997	142	2,723	995
1996	203,984	vs 1997	9,718	194,266	4,052	190,214	1996	153	2,869	1,030
1995	195,589	10 years	9,140	186,449	4,070	182,379	1995	158	2,856	1,056
1994	192,615		9,173	183,442	4,179	179,263	1994	160	2,901	1,118
1993	190,841		8,991	181,850		181,850	1993			
1992	189,257	14% increase	8,866	180,391		180,391	1992			
1991	189,215	vs 1992	8,707	180,508		180,508	1991			
1990	185,693	15 years	8,297	177,396		177,396	1990			
1989	181,034		7,511	173,523		173,523	1989			
1988	175,967		7,204	168,763		168,763	1988			
1987	167,103	28% increase	6,728	160,375		160,375	1987			
1986	150,858	vs 1987		150,858		150,858	1986			
1985	147,826	20 years		147,826		147,826	1985			
1984	142,795			142,795		142,795	1984			
1983	142,515			142,515		142,515	1983			
1982	137,719			137,719		137,719	1982			
1981	134,102			134,102		134,102	1981			
1980	134717			134,717		134,717	1980			
1979	132536			132,536		132,536	1979			
1978	131206			131,206		131,206	1978			
1977	134807			134,807		134,807	1977			
1976	130072			130,072		130,072	1976			

MD Department of Natural Resources
Licensing and Registration Service

CGHQ-3923 Totals
Report of Certificates of Number Issued to Boats

		POWER			AUX	SAIL							
Total	Inboard	Outboard	I/O	Sterndrive	Inboard	Outboard	31-Dec	Total Other	Canoes	Rowboats	Sailboats	PWCs	Other
175,244	19,517	108,831		34,960	7,677	4,259	2007	27,648		0	498	19,112	8,038
172,722	15,689	109,249		35,607	7,726	4,451	2006	27,555			532	18,733	8,290
178,613	19,756	110,140		36,266	7,781	4,670	2005	27,199			568	18,082	8,549
180,002	19,698	110,725		36,687	7,996	4,896	2004	26,679			572	17,234	8,873
172,583	15,493	110,726		36,046	5,260	5,058	2003	25,812			483	16,753	8,576
172,787	15,321	111,408		35,775	5,127	5,156	2002	25,225			485	16,183	8,557
171,767	15,234	110,573		35,475	5,184	5,301	2001	25,238			481	15,691	9,066
181,166	16,659	115,378		37,375	5,653	6,101	2000	27,020			517	16,239	10,264
190,367	29,766	112,644		36,053	5,812	6,092	1999	18,399			462		17,937
188,966	28,498	112,620		35,787	5,763	6,298	1998	3,980			456		3,524
184,890	26,881	110,532		35,390	5,719	6,368	1997	4,162			491		3,671
185,880	25,261	112,863		35,492	5,669	6,595	1996	4,334			493		3,841
178,055	22,122	110,426		33,665	5,266	6,576	1995	4,324			472		3,852
175,113	20,338	109,276		33,340	5,437	6,722	1994	4,150			481		3,669
177,619	20,253	111,856		33,243	5,379	6,888	1993	4,231			515		3,716
176,206	19,353	111,712		32,782	5,335	7,024	1992	4,185			529		3,656
176,439	19,046	111,628		33,266	5,350	7,149	1991	4,069			541		3,528
173,706	18,419	109,890		32,861	5,374	7,162	1990	3,690			552		3,138
169,896	49,416	107,973			5,277	7,230	1989	3,627	3,076		551		
165,231	46,506	106,382			5,078	7,265	1988	3,532	2,964		568		
157,076	41,987	103,001			7,246	4,842	1987	3,299	2,719		580		
147,865	37,208	99,131			4,409	7,117	1986	2,993		2,425	568		
144,795	34,304	99,132			4,199	7,160	1985	3,031		2,435	596		
140,022	32,220	96,811			3,961	7,030	1984	2,773		2,225	548		
139,965	14,939	98,289	16,121		3,540	7,076	1983	2,550			546		2,004
135,441	14,877	95,766	14,837		3,093	6,868	1982	2,278			522		1,756
131,987	15,110	93,402	14,034		2,817	6,624	1981	2,115			524		1,591
132,602	15,605	94,498	13,343		2,733	6,423		2,115			576		1,539
130,647	16,439	92,200	13,141		2,711	6,156		1,889			540		1,349
129,585	17,516	91,128	12,397		2,603	5,941		1,621			453		1,168
133,446	18,509	95,702	11,297		2,305	5,633		1,361			469		892
127,886	19,073	91,699	10,103		2,017	4,994		2,186		229	487		1,470

MD Department of Natural Resources
Licensing and Registration Service

CGHQ-3923 Totals
Report of Certificates of Number Issued to Boats