



November 3 , 2021

Ms. Liane Randolph, Chair
 c/o Harborcraft
 California Air Resources Board
 1001 I Street
 Sacramento, CA 95814

RE: Proposed Harbor Craft Engine Emission Regulations/Commercial Passenger Vessels

Dear Madam Chair,

As you may know, California has over 2 million anglers. While this number is significant, it is offset by the reality that saltwater fishing is a subset of this number and according to the U.S. Census California's fishing participation rate (per capita) has dropped to dead last in the Nation. Moreover, according to the California Department of Fish and Wildlife's (CDFW) sales reports, annual fishing license sales have declined by more than 50% since the early 1980s, as the State's population grew by over 60%.

According to the Recreational Boating and Fishing Foundation (RBFF), fishing participation continues to reach new and diverse audiences in the United States, specifically, nontraditional participants that are younger, more urban, and more diverse with significant gains among women, African Americans, and Hispanics.

- 19.7 million females went fishing in 2020, a 10% participation increase in comparison with 2019.
- Youth and adolescent fishing skyrocketed last year, with 13.5 million youth ages 6 to 17 hitting the water.
- 5 million Hispanic Americans went fishing in 2020, the highest recorded volume in 14 years.
- African Americans have had the highest participation rate in the last three years, with a 7.4% increase in participation and 14.6% growth since 2019.

It appears that California is no exception to this national surge in fishing participation rates. According to CDFW sales reports, between 2019-20, fishing license sales increased over 19 percent, generating an additional \$12.3 million in revenue.

These increases are consistent with other forms of outdoor recreation that experienced an increase in outdoor activity during the COVID-19 pandemic, such as camping, RV sales, and recreational boating. It is yet to be seen if the increased participation levels will be sustained after COVID related restrictions are lifted and individuals and families can return to previous forms of entertainment.

Again, while the one-year surge in California sales and revenue is encouraging, it has not restored recreational fishing to even close to historical levels. According to CDFW, hunting and fishing license sales once funded 40% of the department's budget. However, as hunting and fishing license sales declined, so did its share of the budget contribution to CDFW. By 2018, license sales funded only 21% of CDFW's overall budget.

Additionally, because sportfishing vessels were considered non-essential during the pandemic marine fishing in California did not see a commensurate surge in sales and access as was experienced in our lakes and streams. In fact, passenger fishing vessels were closed for several months during the pandemic and experienced substantial losses in revenue.

Economically and Technically Infeasible Regulations

As organizations that represent sportfishing, recreational boating, marinas and outdoor retail, we are gravely concerned that the progress that CDFW has made to increase fishing participation will be short lived.

Before California's sportfishing, whale watching and eco-tourism commercial passenger boat industry can recover from their financial losses from the COVID-19 pandemic, the California Air Resources Board (CARB) has proposed cost prohibitive engine emission regulations that require technology that has not been developed or tested safe at sea.

CARB readily admits the proposed regulations are not compatible with some vessels, specifically stating that **"vessel replacement will be likely, especially the categories with wood or fiberglass vessels."** When more than 80% of vessels are constructed with these materials, many boat owners have reasonably concluded that they will go out of business in 3-6 years from the adoption of the proposed regulations.

Rather than accepting the draft rules as economically and structurally infeasible, CARB claims that new metal vessels with Tier 4 engines and untested emission reduction equipment can be built for as little as \$1.2 million, rather than the millions more they would actually cost. CARB contends that this is economically feasible even though existing boats that can't comply with the proposed regulations will have no resale value in California. Their solution; pass on the regulatory costs in the form of higher passenger tickets.

To date, CARB has refused to conduct an appropriate vessel replacement analysis; essentially providing all boat sizes and uses and the equipment envisioned to a credible shipbuilder and an analysis of at what price point passengers will no longer fish offshore. Moreover, boat operations and the length of fishing seasons vary widely from Southern California to the Central and North Coast, all of which should have been factored into CARB's analysis to determine whether regulatory costs and/or vessel replacement is economically feasible throughout the industry.

The only credible comment by CARB is the fact that they concede that business elimination is possible but continues to withhold any analysis that led to this determination or how widespread the business elimination will be.

"...(CARB) staff cannot rule out the possibility of some business elimination if costs cannot be passed onto the customer or if passing through costs would result in significant decrease in demand." - CARB, Standardized Regulatory Impact Assessment, July 7, 2021

The broad-based consensus among the boating industry is that CARB has grossly underestimated the cost of vessel replacement, especially since no assessment can be made on engine technology that has not been developed yet. If this proves to be so and if some replacement vessels cost double to triple CARB's estimate, business elimination will be significant.

CARB's economic analysis also reflects a failure to recognize that the recreational angling community is racially and economically diverse and many passengers tend to be people who do not have the means to own a recreational boat. For example, 38% of anglers in the U.S. have an income of \$49,999 or less, and 59% have an income of \$74,999 or less.

What’s more, anglers are no different than other consumers when it comes to how they spend their disposable income – they seek value. Unlike some amusement parks where admission can cost less than a full day of offshore fishing, fishing passengers are not assured some minimum level of satisfaction. Anglers are not guaranteed to catch a fish, just the opportunity. This is an ongoing challenge for the industry’s ability to attract returning customers, unlike amusement parks, and most other forms of recreational activity and entertainment. The passenger boating industry’s ability to retain customers will only grow as passenger prices increase.

It should be evident by reviewing the chart that CARB’s regulations will lead to the gentrification of offshore sportfishing, a luxury reserved only for those of greater economic means.

	Ex: San Diego Prices	CARB’s Projected Increase for \$1.2m boat		If Boat Costs Are Underestimated
Trip Length	Current Price	14% Increase	28% Increase	100% increase
Half day	\$60.00	\$68.40	\$76.80	\$120.00
Full day	\$225.00	\$256.54	\$288.00	\$450.00
Overnight	\$295.00	\$373.30	\$348.01	\$590.00
2.5 Day	\$800.00	\$912.00	\$1024.00	\$1,600

Threat to Fishing Participation and Conservation Funding

Supported by the Governor and the Legislature, the California Department of Fish and Wildlife (CDFW) has made significant strides with its R3 Program (Recruit, Retain, Reactivate). This program aims to increase outdoor recreation, fishing participation rates and license sales. However, any gains will be lost as passenger sportfishing boats are removed from service or as higher prices prove to be an economic barrier for existing and prospective anglers.

When CARB developed its economic analysis, *the Standardized Regulatory Impact Assessment*, it failed to evaluate the financial impact the regulations would have on CDFW license sales and revenue. As fishing participation declines, the CDFW stands to lose fishing license sales and revenue that fund state conservation and fisheries programs that are essential to protecting our environment, endangered species and habitat – both offshore and inland. The Department of Boating and Waterways also stands to lose funding.

Compounding the funding risk, as fishing rod, reel and lures and boat fuel sales decline, so will the State’s share of federal excise taxes and Dingell-Johnson Act funding that are distributed as a federal matching grant to the states. In 2020, California received \$17 million from the U.S. Department of Interior that is provided as a \$3 (federal) to \$1 (state) match.

Threat to Coastal Economies

California has one of the largest coastlines in the country and for most residents, commercial passenger boats provide their only access to offshore fishing and marine life.

CARB also failed to evaluate the overall economic impact on coastal communities, and specifically their hospitality and tourism industry. For many coastal communities, passenger boats are the primary draw for tens of thousands of visitors each year. It is important to note that California is also one of the largest retail markets in the country for outdoor products, generating millions of dollars in sales tax revenue.

As access to the sea diminishes so will economic activity and tax revenue. As an example, over 50 percent of all commercially inspected sportfishing boats in California are located within the City of San Diego. The elimination of San Diego's sportfishing and whale watching fleet, in whole or part, would have a devastating impact on the regional economy and jobs. The same could be said for most every harbor and marina community from Southern California to the Oregon border.

Governor Gavin Newsom recognizes that California draws millions of visitors from all over the United States and the world and has made it a priority to restore the half of the 1.2 million hospitality and tourism jobs lost during the pandemic. This laudable goal cannot be achieved without protecting commercial passenger boats that provide access to sportfishing, whale-watching, marine life and scuba diving.

Protecting Public Partnerships

Passenger boat owners provide another public benefit that occurs, often unseen, but greatly appreciated by community partners. Many boat owners provide schools and non-profit organizations access to the marine environment, often at little to no cost. Many of the beneficiaries of these fishing and marine life programs are school children, disadvantaged youth and veterans. For many children, this is their first introduction to marine life and for wounded warriors, it is a source of mental rehabilitation. Greater regulatory costs would jeopardize these programs.

A Failed Process

The regulations were drafted during the height of the global pandemic without proper in-person stakeholder outreach and insufficient consultation with experts in boat construction, and maritime and fishing practices. Moreover, when CARB released its amended regulations on September 21st, notices were not mailed to boat owners notifying them of the regulations, public comment period and public hearing. Given that CARB has an inventory of all boat engines and commercial fishing licenses held with the California Department of Fish and Wildlife, this could have been easily achieved. After all, there are only 174 commercial passenger boats in California, or less than 10 percent of all harbor craft. It is conceivable that

many, if not most, boat owners remain unaware of the proposed regulations and specifically, that their boats could be removed from service.

We remain concerned that as part of the drafting of the regulations and subsequently, during the public comment period, CARB did not consult with the California Department of Fish and Wildlife, the California Fish and Game Commission, the Department of Boating and Waterways, the Coastal Commission, tourism authorities, chambers of commerce, harbor and marina organizations, port authorities, the United States Coast Guard or local government agencies up and down the California coast.

A Reasonable Solution Can Be Achieved

Boat owners share the desire to reduce engine emissions and they have been repowering their engines for years. However, rather than deny boat owners their livelihood, CARB should consider amending the draft regulations to incentivize boat owners to continue to upgrade their vessels to lower emission engines, using available and tested and feasible technology that does not require vessel replacement. This is the reasonable approach CARB has applied to commercial fishing vessels that bring fish to market, vessels with engines that are technically identical. What's more, commercial passenger vessels will no longer have access to Carl Moyer funds, a reliable source of state funding for repowering engines – while commercial fishing vessels will. CARB has failed to provide an acceptable answer as to why they have applied a double standard and with it, introduced catastrophic economic consequences for the families that operate passenger boats.

Our coalition implores the CARB board to protect the families and crew that depend on the boats that provide millions of Californians affordable access to offshore fishing and all the splendor of the sea.

Sincerely,

American Sportfishing Association
California Association of Harbor Masters and Port Captains
California Yacht Brokers Association
Coastal Conservation Association of California
Congressional Sportsmen's Foundation
Golden Gate Fishermen's Association
Marine Recreation Association
Marine Retailers Association of the Americas
National Marine Manufacturers Association
National Professional Anglers Association
Nor-Cal Guides & Sportsmen's Association
Recreational Boaters of California
Sportfishing Association of California
The International Game Fish Association

Berkley Fishing Gear
Okuma Fishing Tackle
PENN Fishing Gear
Shakespeare Rods and Reels
Turner's Outdoorsman
Boat U.S. – Boat Owners Association of The United States

CC: Governor Gavin Newsom
California State Legislature
California Fish and Game Commission
California Department of Fish and Game, Director Charles Bonham