



Investment Policy
Sport Fish Restoration and Boating Trust Fund
20X8147
For the Fiscal Year Ended September 30, 2009

Purpose

The purpose of this document is to define the investment portfolio policy for the Sport Fish Restoration and Boating Trust Fund.

The authority for investing the Trust Fund is provided by 26 USC §9602, which states, "It shall be the duty of the Secretary of the Treasury to invest such portion of any Trust Fund established by subchapter A as is not, in his judgment, required to meet current withdrawals."

The program agencies administering the Fund and the Trust Fund Management Branch (TFMB) at the Bureau of the Public Debt both agree to this policy.

Background

The 1950 Dingell-Johnson Federal Aid in Sport Fish Restoration Act was enacted to provide aid to States for fish restoration and management of their fishery resources. The Dingell-Johnson Act established the Dingell-Johnson Trust Fund and the Sport Fish Restoration Program using an excise tax on various fishing equipment. This program funded numerous projects designed to enhance sport fishing in the States.

The 1971 Federal Boat Safety Act established the National Recreation Boating Safety and Facilities Improvement Fund and the Recreational Boating Safety Program. The program was funded from taxes on motorboat fuels and was designed to promote greater State participation in boating safety.

In 1984, the Wallop-Breaux Amendment to the Federal Aid in Sport Fish Restoration program substantially expanded the Dingell-Johnson Fund and combined it with the National Recreation Boating Safety and Facilities Improvement Fund to establish the Aquatic Resources Trust Fund. The Aquatic Resources Trust Fund consisted of two separate accounts - the Sport Fish Restoration Account and the Boat Safety Account. The Trust Fund received revenues from excise taxes on sport fishing equipment, excise taxes on gasoline and import duties on fishing equipment, yachts and pleasure craft.

On August 10, 2005 the president signed into law the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users Act (SAFETEA – LU), a significant piece of legislation affecting the Trust Fund. Included in SAFETEA – LU was the Sport Fishing and Recreational Boating Safety Act of 2005. Highlights of the Sport Fishing and Recreational Boating Safety Act of 2005 include:

- ❑ Changing the name of the Fund from the *Aquatic Resources Trust Fund* to the *Sport Fish Restoration and Boating Trust Fund*
- ❑ Dissolving of the Boat Safety Account over a five year period
- ❑ Capturing all federal fuel tax attributable to motorboats and small engines
- ❑ Guaranteed funding for the Boat Safety Grants
- ❑ Funding of most programs by a percentage



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Two of the more important highlighted changes that affect the management of the Fund are the capturing of all federal fuel tax attributable to motorboats/small engines and the dissolution of the Boat Safety Account.

The capturing of all federal fuel tax attributable to motorboats/small engines will boost funding revenues from \$472 million per year to approximately \$570 million per year.

The increased revenues from the fuel tax are expected to offset any increased expenditure required to dissolve the Boat Safety Account and the Trust Fund's balance is expected to stay approximately the same or increase.

The dissolution of the Boat Safety Account will require close coordination between the program agencies and TFMB to ensure that the account has the appropriate mix of investments to cover the scheduled distributions as detailed in the Sport Fishing and Recreational Boating Safety Act of 2005 while continuing good cash management policy.

Portfolio Management

As of August 31, 2008, the Consolidated Sport Fish Restoration and Boating Trust Fund disbursements of \$712,548,460.81 equate to the amount of receipts deposited in the Trust Fund in the prior fiscal year, as according to statute. For the current fiscal year thus far, \$615,571,260.55 of receipts have been received into the Trust Fund. This amount, along with any receipts received in the remainder of the fiscal year, will be the amount appropriated in FY 2009. The maturities of overnight securities were adequate to cover the planned expenditures of the fund and no early redemption of other securities was necessary.

Sport Fish Restoration Account

The program agency administering the Sport Fish Restoration Account is the U.S. Fish and Wildlife Service of the Department of Interior. The reporting program agency is the United States Coast Guard.

TFMB will enact the investment policy adopted for the Fiscal Year Ended September 30, 2009, as agreed upon by representatives at the U.S. Fish and Wildlife Service. TFMB will continue to invest the holdings of the Sport Fish Restoration account in one-day securities until notified by the program agency of the change in their cash needs. If the cash needs of the U.S. Fish and Wildlife Service change during the period covered by this policy, TFMB will amend the policy to reflect the changes.



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Portfolio as of August 31, 2008

<u>Security Number</u>	<u>Security Description</u>	<u>Shares/Par</u>	<u>Cost Basis</u>	<u>Issue Date</u>	<u>Maturity Date</u>
ONE DAY	ONE DAY 1.900% 09/02/2008	\$33,791,130.22	\$33,791,130.22	08/29/2008	09/02/2008
912828FE5	MK NOTE 4.875% 05/15/2009	\$234,424,000.00	\$234,113,851.25	05/15/2006	05/15/2009
9128274V1	MK NOTE 4.750% 11/15/2008	\$220,297,000.00	\$219,303,690.79	11/16/1998	11/15/2008
912828FX3	MK NOTE 4.625% 11/15/2009	\$211,341,000.00	\$211,307,977.97	11/15/2006	11/15/2009
912828EL0	MK NOTE 4.375% 11/15/2008	\$152,619,000.00	\$152,143,433.44	11/15/2005	11/15/2008
912828JA9	MK NOTE 2.625% 05/31/2010	\$513,494,778.28	\$513,690,467.56	05/31/2008	05/31/2010
912828HP8	MK NOTE 2.125% 01/31/2010	\$513,989,535.70	\$511,352,524.64	01/31/2008	01/31/2010
		<u>\$1,879,956,444.20</u>	<u>\$1,875,703,075.87</u>		

Portfolio as of August 31, 2007

<u>Security Number</u>	<u>Security Description</u>	<u>Shares/Par</u>	<u>Cost Basis</u>	<u>Issue Date</u>	<u>Maturity Date</u>
ONE DAY	ONE DAY 5.100% 09/04/2007	\$314,234,662.94	\$314,234,662.94	08/31/2007	09/04/2007
912828FE5	MK NOTE 4.875% 05/15/2009	\$234,424,000.00	\$234,113,851.25	05/15/2006	05/15/2009
9128274V1	MK NOTE 4.750% 11/15/2008	\$220,297,000.00	\$219,303,690.79	11/16/1998	11/15/2008
912828FX3	MK NOTE 4.625% 11/15/2009	\$211,341,000.00	\$211,307,977.97	11/15/2006	11/15/2009
912828EL0	MK NOTE 4.375% 11/15/2008	\$152,619,000.00	\$152,143,433.44	11/15/2005	11/15/2008
912828EC0	MK NOTE 4.125% 08/15/2008	\$194,535,000.00	\$193,284,244.21	08/15/2005	08/15/2008
912828DT4	MK NOTE 3.750% 05/15/2008	\$196,701,000.00	\$195,059,752.34	05/15/2005	05/15/2008
912828DK3	MK NOTE 3.375% 02/15/2008	\$196,436,000.00	\$194,576,281.25	02/15/2005	02/15/2008
		<u>\$1,720,587,662.94</u>	<u>\$1,714,023,894.19</u>		

Additional details about the Fund's portfolio can be found at the following web site:
<http://www.treasurydirect.gov/govt/reports/fip/acctstmt/acctstmt.htm>



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Boat Safety Account

The United States Coast Guard is the program agency responsible for administering the Boat Safety Account. TFMB will enact the investment policy adopted for the period October 2008 through September 2009 as agreed upon by representatives at the United States Coast Guard. TFMB will continue to invest the holdings of the Boat Safety Account in one-day securities until notified by the United States Coast Guard of the change in their cash needs. If the cash needs of the United States Coast Guard change during the period covered by this policy, TFMB will amend the policy to reflect the changes.

Portfolio as of August 31, 2008

<u>Security Number</u>	<u>Security Description</u>	<u>Shares/Par</u>	<u>Cost Basis</u>	<u>Issue Date</u>	<u>Maturity Date</u>
ONE DAY	ONE DAY 1.900% 09/02/2008	<u>\$36,456,318.38</u>	<u>\$36,456,318.38</u>	08/29/2008	09/02/2008
		<u>\$36,456,318.38</u>	<u>\$36,456,318.38</u>		

Portfolio as of August 31, 2007

<u>Security Number</u>	<u>Security Description</u>	<u>Shares/Par</u>	<u>Cost Basis</u>	<u>Issue Date</u>	<u>Maturity Date</u>
ONE DAY	ONE DAY 5.100% 09/04/2007	<u>\$84,874,117.33</u>	<u>\$84,874,117.33</u>	08/31/2007	09/04/2007
		<u>\$84,874,117.33</u>	<u>\$84,874,117.33</u>		

Additional details about the Account's portfolio can be found at the following web site:
<http://www.treasurydirect.gov/govt/reports/fip/acctstmt/acctstmt.htm>