

FISCAL NOTE
Requested by Legislative Council
02/09/2015

Amendment to: SB 2376

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures				\$50,000		
Appropriations				\$50,000		

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The bill amendment removes the creation of lifetime hunting licenses and directs the department to do a study of the feasibility and desirability of lifetime hunting and fishing licenses.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The bill amendment would require an increase of expenditures to contract for a study. Due to the complexity of lifetime licenses regarding federal regulations and wanting to survey all 50 states, the department would contract the study.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

N/A

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The bill amendment would require an increase of expenditures to contract for a study. Our best estimate is approx. \$50,000. There is a national company that specializes in fish and wildlife economics and statistics regarding license sales. The department would contract with a company to do the study.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The bill amendment creates a one-time cost of approx. \$50,000 to contract for a study.

Name: Kim Kary

Agency: ND Game and Fish Dept

Telephone: 328-6605

Date Prepared: 02/09/2015

FISCAL NOTE
Requested by Legislative Council
01/26/2015

Revised
 Bill/Resolution No.: SB 2376

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						\$(55,400,000)
Expenditures				\$100,000		
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The bill creates lifetime hunting licenses and provides for a legislative management study. The bill would significantly reduce license sales revenue and would have a negative effect on the private land open to sportsmen program (PLOTS) revenue.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The bill would significantly reduce license sales revenue and would have a significant negative effect on the revenue for the private land habitat and access improvement fund used for the PLOTS program.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The bill would significantly reduce license sales revenue. We estimate a net potential loss of \$53.2M from annual habitat restoration stamp, small game license, and certificate fee sales over the lifetime of the license holder. Of this amount, an estimate of \$30M would be reduced from the private land habitat and access improvement fund used for the PLOTS program. The current law requires that \$8 of the \$17 habitat restoration stamp fee be allocated to the PLOTS program. This annual revenue would be eliminated if lifetime licenses were purchased.

Also, there would be a significant loss of non-resident (NR) license revenue when residents purchase a lifetime license prior to moving out of state. A resident small game license is needed for pheasant and waterfowl; however, for NR they are two separate licenses. Therefore, if a resident lifetime license was purchased and the person moves out of state, we would lose NR license revenue for small game (\$100) and waterfowl (\$100) resulting in a decrease of revenue of approx. \$2.2M per year. We included this in part 1A above.

Lifetime licenses are an unpredictable future revenue source. Our estimates are based on actual license sales for the 2013-14 hunting season. We used actuarial life tables to determine life expectancy.

The proposed bill would not take effect until the 2016 season. We do not know how many hunters would purchase the license in the first year. For simplicity, we showed the entire loss of revenue in 2017-19; even though the loss would be spread over countless future years. Since we don't know what year a hunter would purchase the lifetime license we are unable to project with any certainty which year the loss would occur.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The proposed bill would require programming changes to the Game and Fish online licensing system. We estimate the programming changes to cost the dept. approx. \$100,000. It would take ITD a significant amount of time for these complex programming changes. Also, each individual will need to be flagged and tracked for life, which adds additional cost.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

This bill creates a one-time cost of \$100,000 for programming changes.

Name: Kim Kary

Agency: ND Game and Fish Dept

Telephone: 328-6605

Date Prepared: 02/02/2015

FISCAL NOTE
Requested by Legislative Council
01/26/2015

Bill/Resolution No.: SB 2376

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						\$(55,400,000)
Expenditures				\$100,000		
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The bill creates lifetime hunting licenses and provides for a legislative management study. The bill would significantly reduce license sales revenue and would have a negative effect on the private land open to sportsmen program (PLOTS) revenue.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The bill would significantly reduce license sales revenue and would have a significant negative effect on the revenue for the private land habitat and access improvement fund used for the PLOTS program.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The bill would significantly reduce license sales revenue. We estimate a net potential loss of \$53.2M from annual habitat restoration stamp, small game license, and certificate fee sales over the lifetime of the license holder. Of this amount, an estimate of \$30M would be reduced from the private land habitat and access improvement fund used for the PLOTS program. The current law requires that \$8 of the \$17 habitat restoration stamp fee be allocated to the PLOTS program. This annual revenue would be eliminated if lifetime licenses were purchased.

Also, there would be a significant loss of non-resident (NR) license revenue when residents purchase a lifetime license prior to moving out of state. A resident small game license is needed for pheasant and waterfowl; however, for NR they are two separate licenses. Therefore, if a resident lifetime license was purchased and the person moves out of state, we would lose NR license revenue for small game (\$100) and waterfowl (\$100) resulting in a decrease of revenue of approx. \$2.2M per year. We included this in part 1A above.

Lifetime licenses are an unpredictable future revenue source. Our estimates are based on actual license sales for the 2013-14 hunting season. We used actuarial life tables to determine life expectancy.

The proposed bill would not take effect until the 2016 season. We do not know how many hunters would purchase the license in the first year. For simplicity, we showed the entire loss of revenue in 2017-19; even though the loss would be spread over countless future years. Since we don't know what year a hunter would purchase the lifetime license we are unable to project with any certainty which year the loss would occur.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The proposed bill would require programming changes to the Game and Fish online licensing system. We estimate the programming changes to cost the dept. approx. \$100,000. It would take ITD a significant amount of time for these complex programming changes. Also, each individual will need to be flagged and tracked for life, which adds additional cost.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

This bill creates a one-time cost of \$100,000 for programming changes.

Name: Kim Kary

Agency: ND Game and Fish Dept

Telephone: 328-6605

Date Prepared: 02/02/2015

2015 SENATE ENERGY AND NATURAL RESOURCES

SB 2376

2015 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources Fort Lincoln Room, State Capitol

SB 2376
2/6/2015
23406

- Subcommittee
 Conference Committee

Committee Clerk Signature

Katie Oliver

Explanation or reason for introduction of bill/resolution:

Relating to lifetime hunting licenses.

Minutes:

2 Attachments

Chairman Schaible called the committee back to order and opened the hearing on SB 2376. Senator Sinner was on hand to introduce the bill, he handed out an amendment. See attachment #1.

Senator Sinner: District 46. In front of you there is an amendment which turns this hunting license idea into a study and report back in 2016 and take it up at that time. (.36-1:27)

Chairman Schaible: Could game and fish study this on their own?

Senator Sinner: I have no idea if it is under their rules and regulations. If they are willing to do that I would be fine with that.

Kurt Decker: From Dickinson, Sportsman. If this bill were to move forward there are a lot of considerations from sportsman side of things. When thinking about the repercussions of this bill as the fiscal note indicated \$30,000,000 would be lost over 2 years for funding for private land habitat fund. Back in 2013 legislators passed Senate Bill 2231 which increased hunting and fishing registration fees. Sportsman supported the bill and I attend the advisory meetings whenever I can. In 2013 anglers and hunters voiced their support during committee meetings and when it came to vote on the floor there was support then, why go back in and tear that up? In recent history the east part has dealt with nonresidents and water fowl and in the west is was pheasant-gate. You want to protect the resources the best you can and this would go through and hurt the funding. Is the legislator going to fund the shortfalls that the game and fish has? Game and fish is one of the smallest in the nation, run off of license fees, user fees and no general fund money is utilized. I think that they are doing a good job and it is not broke and doesn't need to be fixed. We want to reap the benefits of this state and to let people get a license and more out. What are the logistics of tracking the license? What affects will this have long term or rules and regulations in place right now. Losing that funding, how does it tie to federal grants? I agree with Senator Sinner kill it as it is and let game and fish do their job. I urge you to shoot this one down

and let the staff at game and fish give you a report in 2 years. Take that into consideration but if they want to reap the benefits of this state come live here that is what I see as fair and balanced. (2:36-9:38)

Mike Donahue: North Dakota Wildlife Federation. I am in opposition to this bill. Who would pay for the study?

Kim Kary: Chief Administrative Services Director, North Dakota Game and Fish Department. See attachment #2. (10:40-12.26)

Senator Armstrong: How will we pay for the study?

Kim Kary: It depends on if it is game and fish staff doing it. There are a lot of states that contract out with an entity.

Senator Armstrong: The amendment doesn't have an appropriation.

Kim Kary: Department funds and if done in house would take away from their job tasks.

Terry Steiner: I would prefer we do not do it internally. If we would contract it out and I think it would be between \$100,000-\$150,000.

Chairman Schaible: You can propose the idea without the study, yes?

Terry Steiner: Yes. What other type of issues do you want to see in the study?

Senator Triplett: Can you tell us about the study done in Washington?

Terry Steiner: I believe it was 2009 but I have not looked through it. Some of those would be applicable now.

Senator Triplett: Can you tell me if you have reviewed it?

Kim Kary: They provided a lot of good information but it looked like a very good study and we would most likely use a lot of the same questions as they did in theirs. We all follow the same rules and want every license counted because it affects how much we get. Based on license and how much land you have compared to other states. Lifetime license, how long is that? They have set up a gamete of regulations and they are complex and complicated so yes we would want to make sure that a good stud is done.

Senator Triplett: What was the conclusion?

Kim Kary: They decided to not offer lifetime licenses.

Senator Triplett: In place before the study or no?

Kim Kary: The majority was in place. Since that time the license has to be in close approximation to what you would get annual over the lifetime of the license holder. The

federal government has said close approximation recently they have tried to define that. Oklahoma has set lifetime licenses and the federal government has said it needs to be 80-85%. The guts are in place but they are changing as the time goes. You can just pick any life expectancy.

Senator Laffen: Money difference and convenience that I would never have to buy a license again. I see that I will have to do that even if I have a lifetime license.

Kim Kary: What we saw from Washington you still need to have annual contact with the holder to count them. They must annually come in and get their card to know that they are alive. To you average hunter it wouldn't be worth it. Other than those 2 areas you are right. Because of the federal regulations and the way it hinges on the funds that we get from them.

Representative Corey Mock: District 42. I have heard from constituents that the availability of lifetime licenses, Minnesota has them. Senator Laffen brings up a good point that as a matter of convenience the state of Minnesota to check in, there is no cost to validate but you are required to do so at the start of the season. These were numbers that we saw from other states. I fully support the amendment, the bill is premature but I think that there is validity of studying this.

Senator Murphy: How much money is the study worth? What are we going to gain from the study?

Representative Cory Mock: It is not always about the dollars and the cents. The concept is that you are taking a risk but it is a legacy. Grandparents bought them for grandkid, that alone is the experience that is difficult to value. I was eager to put in the idea, work with the cosponsors, game and fish.

Senator Triplett: Is there anything in law that would prevent a grandparent walking with a grandchild?

Representative Cory Mock: No but you have the experience and then the license and when you are in your 30s and appreciating the outdoors with your children. It is passing on the legacy.

Foster Ray Hager: Cass County Wildlife Club. We would appreciate a no vote on this bill. The reason we want a no vote is that it is a financial disaster. There are states that have it and wish that they didn't have. Why study something that won't turn out well?

There was no other testimony and Chairman Schaible closed the hearing on SB 2376.

Senator Armstrong made a motion to adopt amendment 15.1021.01001 with a second by Vice Chair Unruh, there was no further discussion, roll was taken and the motion passed on a 7-0-0 vote count.

Senate Energy and Natural Resources Committee

SB 2376

02/06/2015

Page 4

Senator Armstrong then made a motion for a do not pass as amended with a second by Senator Murphy, there was no further discussion, roll was taken and the motion passed on a 7-0-0 count with Senator Laffen carrying the bill to the floor.

There was no further action to be taken and Chairman Schaible dismissed the committee.

February 6, 2015

RS
2/6/15

PROPOSED AMENDMENTS TO SENATE BILL NO. 2376

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a game and fish department study and a report to the legislative management."

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. GAME AND FISH DEPARTMENT STUDY OF LIFETIME HUNTING AND FISHING LICENSES - LEGISLATIVE MANAGEMENT REPORT. The game and fish department shall study the feasibility and desirability of lifetime hunting and fishing licenses. The study must address other states' laws, appropriate pricing, the affect on federal funding, which licenses should be lifetime, and which licensees should qualify for lifetime licenses. Before September 1, 2016, the department shall report its findings and recommendations, together with any proposed legislation necessary to implement the recommendations, to the legislative management."

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2376: Energy and Natural Resources Committee (Sen. Schaible, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2376 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a game and fish department study and a report to the legislative management.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. GAME AND FISH DEPARTMENT STUDY OF LIFETIME HUNTING AND FISHING LICENSES - LEGISLATIVE MANAGEMENT REPORT.

The game and fish department shall study the feasibility and desirability of lifetime hunting and fishing licenses. The study must address other states' laws, appropriate pricing, the affect on federal funding, which licenses should be lifetime, and which licensees should qualify for lifetime licenses. Before September 1, 2016, the department shall report its findings and recommendations, together with any proposed legislation necessary to implement the recommendations, to the legislative management."

Renumber accordingly

2015 TESTIMONY

SB 2376

February 5, 2015

PROPOSED AMENDMENTS TO SENATE BILL NO. 2376

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a game and fish department study and a report to the legislative management.

1.1
2-6-15

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. GAME AND FISH DEPARTMENT STUDY OF LIFETIME HUNTING AND FISHING LICENSES - LEGISLATIVE MANAGEMENT REPORT. The game and fish department shall study the feasibility and desirability of lifetime hunting and fishing licenses. The study must address other state's laws, appropriate pricing, the affect on federal funding, which licenses should be lifetime, and which licensees should qualify for lifetime licenses. The department shall report its findings and recommendations, together with any proposed legislation necessary to implement the recommendations, to the legislative management by August 31, 2016."

Renumber accordingly



2.1

Senate Energy and Natural Resources Committee

Testimony on SB 2376

Kim Kary, Chief Administrative Services Division

North Dakota Game and Fish Department

February 6, 2015

Chairman Schaible and members of the Senate Energy and Natural Resources committee, my name is Kim Kary, Chief of Administrative Services Division of the North Dakota Game and Fish Department and I am testifying on SB 2376.

The Game and Fish Department is a special fund agency using only hunting, fishing, boat license revenue and federal funds. We receive no general funds. Approximately 45% of our funds are federal funds. The department is concerned with the significant negative affect lifetime licenses would have on license revenue and potential negative affect on federal revenue.

The majority of our federal funds come from U.S. Fish and Wildlife Services from excise taxes on sale of guns, ammo, archery equipment, fishing equipment and motorboat fuel. These funds are allocated to the state based on a formula that uses hunting population and land area relative to other states. License certification, which insures that the license sales numbers are correct and meet minimum standards for the act that created the funding source, is one of the components of the formula. Lifetime licenses have complex federal requirements that must be followed in order to count the license as part of our license certification.

We have learned that the state of Washington conducted a lengthy study of all states prior to determining whether to offer lifetime licenses. Several states currently with lifetime licenses have stated they would do some things differently if given the chance. Federal regulations involving lifetime licenses are very complex. It is our belief that prior to offering a lifetime license it would be necessary to perform a study to learn from other states about the pros and cons. Additionally, we would need to research the federal requirements to ensure they are properly implemented in order to be able to count the lifetime license in our federal license certification which is used to determine the amount of federal revenue we receive.

This concludes my testimony. I would be happy to answer any questions.