

1999 DRAFTING REQUEST

Assembly Amendment (AA-AB133)

Received: 05/25/99

Received By: gibson

Wanted: Soon

Identical to LRB:

For: Legislative Fiscal Bureau 68314

By/Representing: Kava

This file may be shown to any legislator: NO

Drafter: rkite

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Alt. Drafters:

Subject: Nat. Res. - fish and game

Extra Copies: RAE

Pre Topic:

LFB:.....Kava -

Topic:

Delete hunting and fishing approval increases

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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FE Sent For:

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				<u>5/28</u>			

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MGG/RNK



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 21, 1999

Joint Committee on Finance

Paper #166

Tribal Gaming Revenue Allocations

Fish and Wildlife Account Funding -- Hunting and Fishing License Fees and Tribal Gaming Revenues (DNR -- Fish and Wildlife)

[LFB 1999-01 Budget Summary: Page 417, #1 and 2]

CURRENT LAW

The Department of Natural Resources charges statutory fees for hunting, fishing and special licenses and stamps. There are a wide variety of licenses authorizing residents and nonresidents to hunt and fish. Hunting and fishing licenses vary according to the type of species that may be pursued, the method of pursuit, the number of people for whom the license is valid and the time period for which the license is valid. To hunt or fish certain species, a stamp must be purchased in addition to the license. The fees currently charged for major licenses are shown in the attachment.

Revenue from the sales of these licenses and stamps is deposited into the fish and wildlife account of the conservation fund. Monies in the fish and wildlife account are used for fish and wildlife management and education, conservation law enforcement, wildlife damage programs, conservation aids and a portion of DNR administrative and support costs.

GOVERNOR

Increase the fees for certain hunting and fishing licenses, as shown in the attachment. The administration estimates that the bill would generate additional fish and wildlife account revenues of approximately \$680,500 in 1999-00 and \$2,827,900 in 2000-01. While the bill would increase the fees upon enactment, the revenue estimates are based on an April 1, 2000, implementation.

Also, transfer \$2,000,000 annually from tribal gaming revenue allocations to the fish and wildlife account of the conservation fund.

DISCUSSION POINTS

Hunting and Fishing License Fees

1. A general hunting and fishing license fee increase was included in the 1987-89 and 1991-93 biennial budgets. While the Governor included a general increase in his 1995-97 biennial budget proposal, a fee increase was not included in the final budget act. A fee increase was enacted in 1997 Act 1.

2. Overall license sales volume has been relatively flat over the past decade when adjusted to account for new fees and permits created during that time, such as permit application fees and bonus deer permits. Increases in revenue to the fish and wildlife account have largely been the result of increased fees or revenue from new fees and permits.

3. The following table shows the fees charged by Wisconsin and its four neighboring states for resident and nonresident annual fishing, deer hunting and small game hunting licenses. Also shown are the fees proposed for these licenses in the budget bill. While each state sells a number of other hunting and fishing privileges not shown in the table, comparisons across states are often difficult because the species that may be pursued under the license, the number of people for whom the license is valid and the time period for which the license is valid may differ.

TABLE 1

Hunting and Fishing License Prices

	<u>Illinois</u>	<u>Iowa</u>	<u>Michigan</u>	<u>Minnesota</u>	<u>Wisconsin Current Law</u>	<u>Wisconsin Budget Bill</u>
<u>Resident</u>						
Deer	\$15.00	\$25.50	\$13.00	\$23.00	\$20.00	\$21.00
Small Game	7.50	12.50	13.00	15.00	14.00	15.00
Annual Fishing	13.00	10.50	13.00	16.00	14.00	15.00
<u>Nonresident</u>						
Deer	\$100.00	\$150.50	\$120.00	\$111.00	\$135.00	\$140.00
Small Game	50.75	60.50	60.00	61.00	75.00	80.00
Annual Fishing	24.50	22.50	26.00	32.00	34.00	37.00

4. Under the bill, the changes in hunting and fishing license fees would become effective upon enactment of the bill. The DNR license year, however, begins on April 1. If the fees changed on the effective date of the bill, it would create the possibility that different fees could be charged for the same license privileges, depending on when a person makes his or her purchase. In addition, the change could be problematic for the Department to implement on a relatively quick timetable. Also, the administration's revenue estimates assume an April 1 effective date, even

though that effective date is not included in the bill.

Tribal Gaming Revenues

5. In general, expenditures from the state fish and wildlife account have been primarily supported by sport and commercial fish and game license revenue. Ongoing, non-license sources of revenue to the account include investment income on the account balance and timber sales from state wildlife properties. These revenue sources typically make up less than five percent of account revenues. Further, federal revenues, primarily from federal hunting and fishing excise taxes, have funded fish and wildlife programs in the state (\$12.2 million in 1998-99)

6. Some fish and wildlife-related activities receive GPR support, including animal health, tribal fisheries and water regulation activities. In addition, the wildlife and fisheries management programs in the Department benefit from land acquisition and facility development under the Warren Knowles-Gaylord Nelson stewardship program, which is funded from general obligation bonding.

7. In his testimony before the Committee, the DNR Secretary indicated that the transfer of tribal gaming revenue to the fish and wildlife account was an appropriate way of broadening the base of support for outdoor recreation programs in the state. A July, 1998, report by the Legislative Audit Bureau found that approximately 35 percent of fish and wildlife account expenditures benefit multiple users and not merely license buyers. Further, in 1997 Act 1, the Legislature directed the Department to analyze options for alternative funding sources for the fish and wildlife account.

8. One consideration for the use of tribal gaming revenue is how well it fits with the memoranda of understanding (MOU) between the state and the tribes related to the use of compact revenues. Purposes included in most of the MOU are economic development in regions near casinos and the promotion of tourism in the state. Providing gaming revenues for hunting and fishing programs does not clearly fall within the specified criteria. However, to the extent that a transfer to the fish and wildlife account is seen as promoting fish and game-related tourism and tourism-related economic development in Wisconsin, it could be argued this use of tribal gaming revenue may be consistent with the compacts.

Fish and Wildlife Account Condition

9. Table 2 provides a condition statement for the fish and wildlife account under current law, which assumes current license fees and adjusted base expenditures. An estimated balance of \$2.7 million would remain in the account at the end of the 1999-01 biennium. This estimate differs significantly from the administration and agency estimates because a review of license sales data indicates relatively steady sales could be expected through the next biennium, while DOA and DNR assume declining sales.

TABLE 2**Fish and Wildlife Account Condition -- Current Law**

	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>
Opening Balance	\$14.6	\$7.4	\$6.2
Revenues	<u>59.1</u>	<u>59.9</u>	<u>60.1</u>
Total Available	\$73.7	\$67.3	\$66.3
Expenditures	\$56.7	\$59.3	\$59.5
Pay Plan and Reserves	0.0	1.0	3.5
Encumbrances and Continuing Balances	9.8	1.0	0.9
Refund of Debt Service	<u>-0.2</u>	<u>-0.2</u>	<u>-0.2</u>
Total Expenditures	\$66.3	\$61.1	\$63.7
Balance	\$7.4	\$6.2	\$2.6

10. The fees included in the bill are estimated to increase revenues in the fish and wildlife account by \$3,123,400 in the 1999-01 biennium, a 2.6% increase over current law. (This is \$385,000 less than estimated by the administration.)

11. An estimated condition statement for the fish and wildlife account under AB 133, including Committee action to date, is shown in Table 3. This assumes all of the revenue increases (hunting and fishing license fees, captive wildlife fees, tribal gaming transfer, beaver control appropriation lapse and the back tag reservation fee) and remaining expenditure requests are all enacted. Under this scenario, an estimated balance of \$8.4 million would remain in the account as of June 30, 2001.

TABLE 3**Fish and Wildlife Account Condition -- Budget Bill**

	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>
Opening Balance	\$14.6	\$7.4	\$8.2
Current Law Revenues	59.1	59.9	60.1
AB 133 Fees and Lapses	0.0	1.0	2.9
Tribal Gaming Revenues	<u>0.0</u>	<u>2.0</u>	<u>2.0</u>
Total Available	\$73.7	\$70.3	\$73.2
Expenditures	\$56.7	\$60.3	\$60.6
Pay Plan and Reserves	0.0	1.0	3.5
Encumbrances and Continuing Balances	9.8	1.0	0.9
Refund of Debt Service	<u>-0.2</u>	<u>-0.2</u>	<u>-0.2</u>
Total Expenditures	\$66.3	\$62.1	\$64.8
Balance	\$7.4	\$8.2	\$8.4

12. Either the hunting and fishing license fee package or the tribal gaming revenue transfer provision could be removed from the bill and still maintain a positive balance in the fish and wildlife account at the end of the 1999-2001 biennium. If the fee package provisions were removed, the estimated account balance on June 30, 2001, would be \$5.3 million. If the tribal gaming transfer were deleted, the estimated account balance on June 30, 2001, would be \$4.4 million. Deleting both provisions from the bill would leave the account with an estimated June 30, 2001 balance of \$1.3 million.

13. Both the Governor and the DNR Secretary have indicated that the bill constitutes a four-year revenue package for the fish and wildlife account, with no hunting and fishing license fee increase needed in the 2001-03 biennium. Removing either the fee package or the tribal gaming transfer provisions, however, may make it difficult to maintain a positive balance in the account at the end of the 2001-03 biennium. Any projected deficit could be addressed in the 2001-03 budget through some combination of revenue increases or expenditure reductions.

14. Another option would be to provide a more limited fee increase than recommended by the Governor. Table 1 shows that the price of the resident small game and annual fishing licenses are the second-highest of the four surrounding states. The fee for these two licenses could be maintained at their current levels, while the other proposed fee changes could remain as under the bill. This would reduce estimated revenues by \$159,000 in 1999-00 and \$630,800 in 2000-01 as compared to the bill. The fish and wildlife account would end the 1999-01 biennium with an estimated balance of \$7.6 million (\$3.6 million without the tribal gaming transfer).

ALTERNATIVES

1. Approve the Governor's recommendations, as reestimated, to increase the fees for certain hunting and fishing licenses, as shown in the attachment (technically corrected for an April 1, 2000, effective date), and to transfer \$2,000,000 annually from tribal gaming revenue allocations to the fish and wildlife account of the conservation fund.

Alternative 1	SEG
1999-01 REVENUE (Change to Bill)	- \$385,000

2. Approve Alternative 1, except maintain the fee for the resident small game hunting and resident annual fishing licenses at their current levels (\$14 each).

Alternative 2	SEG
1999-01 REVENUE (Change to Bill)	- \$1,174,800

3. Approve only the Governor's recommendation, as technically corrected, to increase the fees for certain hunting and fishing licenses, as shown in the attachment. (No tribal gaming revenues would be provided.)

<u>Alternative 3</u>	<u>SEG</u>
1999-01 REVENUE (Change to Bill)	- \$4,385,000

4. Approve only the Governor's recommendation to transfer ~~\$2,000,000~~^{\$2,500,000} annually from tribal gaming revenue allocations to the fish and wildlife account. (No fee increase would be included.)

<u>Alternative 4</u>	<u>SEG</u>
1999-01 REVENUE (Change to Bill)	- \$3,508,400

5. Maintain current law.

<u>Alternative 5</u>	<u>SEG</u>
1999-01 REVENUE (Change to Bill)	- \$7,508,400

Prepared by: Russ Kava

ATTACHMENT

Hunting and Fishing License Fees

	<u>Current</u>	<u>Proposed</u>	<u>Change</u>			<u>Current</u>	<u>Proposed</u>	<u>Change</u>	
	<u>Fee</u>	<u>Fee</u>	<u>Amount</u>	<u>%</u>		<u>Fee</u>	<u>Fee</u>	<u>Amount</u>	<u>%</u>
Resident Hunting					Resident Fishing				
✓ Deer	\$20.00	\$21.00	\$1.00	5.0%	✓ Annual	\$14.00	\$15.00	\$1.00	7.1%
✓ Archer	20.00	21.00	1.00	5.0	✓ Husband and Wife	24.00	26.00	2.00	8.3
✓ Bonus Deer Permit*	12.00	13.00	1.00	8.3	Nonresident Fishing				
✓ Class A Bear	41.00	45.00	4.00	9.8	Individual:				
✓ Class B Bear	8.00	10.00	2.00	25.0	✓ Annual	\$34.00	\$37.00	\$3.00	8.8%
✓ Small Game	14.00	15.00	1.00	7.1	✓ Fifteen Day	20.00	22.00	2.00	10.0
Nonresident Hunting					✓ Four Day	15.00	17.00	2.00	13.3
✓ Deer	\$135.00	\$140.00	\$5.00	3.7%	Family:				
✓ Archer	135.00	140.00	5.00	3.7	✓ Annual	52.00	56.00	4.00	7.7
✓ Bonus Deer Permit*	20.00	22.00	2.00	10.0	✓ Fifteen Day	30.00	34.00	4.00	13.3
✓ Class A Bear	201.00	220.00	19.00	9.5	Other Fishing				
✓ Class B Bear	100.00	110.00	10.00	10.0	✓ Duplicate Fishing	\$7.00	\$8.00	\$1.00	14.3%
✓ Annual Small Game	75.00	80.00	5.00	6.7	✓ Sturgeon Spearing	10.00	12.00	2.00	20.0
✓ Five Day Small Game	43.00	45.00	2.00	4.7	Fishing Stamps				
✓ Furbearing Animal	150.00	155.00	5.00	3.3	✓ Inland Waters Trout	\$7.25	\$7.00	-\$0.25	-3.4%
Duplicate Hunting					✓ Great Lakes Trout & Salmon	7.25	7.00	-0.25	-3.4
✓ Class A Bear	\$13.75	\$16.00	\$2.25	16.4%					
✓ Non-Deer/Class A Bear	7.00	8.00	1.00	14.3					
Hunting Stamps									
✓ Pheasant	\$7.25	\$7.00	-\$0.25	-3.4%					
✓ Wild Turkey	5.25	7.00	1.75	33.3					

*This item is addressed in a separate budget paper.

Licenses not affected by the bill include: turkey (\$11 resident, \$55 nonresident), trapping (\$18), waterfowl stamp (\$7), two-day Great Lakes fishing (\$10), patron (\$110 resident, \$575 nonresident) and sports (\$43 resident, \$250 nonresident).



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0410/1

RNR
RNK.....
jlg

noon

LFB:.....Kava - Delete hunting and fishing approval increases

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

- 2 **1.** Page 461, line 9: delete "\$2,000,000" and substitute "\$2,500,000". ✓
- 3 **2.** Page 508, line 14: delete the material beginning with that line and ending
4 with page 510, line 15. ✓
- 5 **3.** Page 511, line 19: delete lines 19 to 24. ✓
- 6 **4.** Page 1455, line 18: delete lines 18 to 21. ✓

7 (END)



State of Wisconsin
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