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(Gov) Agency: Tribal Gaming Revenue Allocations
Fish & Wildlife Account Funding - DNR

Recommendations:

Paper No. 166: Alternative 2

Comments: I think this proposal of the gov is a bit of a sticky wicket. It both increases hunting and fishing license fees and sends \$2 million from the tribal gaming revenues to the fish and wildlife account.

The hunting and fishing groups, and DNR, have been promoting the use of more general fund spending for fish and wildlife purposes - claiming they help boost tourism. I'm down with that, to some extent, and the gov's use of tribal gaming funds seems ok.

But all the fees were just raised last session. Therefore I recommend Alternative 2, which approves the \$2 million to the fish and wildlife account and raises only some of the license fees, but not the popular resident small game hunting and annual fishing license fees (see paragraph 14).

However, you could also maintain current law (or do some combination of other alternatives) and not necessarily hurt the fish and wildlife account condition in this biennium (see paragraphs 12 & 13). Plus, the tribes might not be too excited about using gaming funds for general fish and wildlife account purposes.

prepared by: Barry



Legislative Fiscal Bureau

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

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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 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).