



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #517

Great Lakes Commercial Fishing Fees (DNR -- Fish, Wildlife, and Recreation)

[LFB 2005-07 Budget Summary: Page 356, #6]

CURRENT LAW

The Department is responsible for the establishment of Great Lakes commercial fishing quotas based on a species' estimated population, health, and location, and for assigning harvest quotas to licensed commercial fishermen based on geographical zones fished and species pursued. Fees charged to commercial fisherman for licenses allow DNR to recover a portion of the cost of overseeing and managing the harvest targets and fish population management goals associated with the commercial fishing program.

GOVERNOR

Increase the fees for certain Great Lakes commercial fishing licenses as shown in the following table effective April 1, 2006. In addition, authorize DNR to charge a fee of \$100 for the second and any subsequent commercial fishing permit issued to allot individual licensee catch quotas for a given year. Allow the Department to charge a reduced fee of \$25 for the issuance of any such permit for a species for which there is no open fishing season during the year that the permit is in effect. Authorize DNR to charge \$100 for the second and any subsequent permit issued to regulate commercial fishing in outlying waters for a species for which there is a harvest limit but for which there is no allotment of catch quota to individual licensees. Authorize DNR to charge \$50 for the transfer of either of these types of permits between licensees. These fee changes would be expected to increase revenues to the fish and wildlife account of the conservation fund by \$25,600 in 2005-06 and \$93,500 in 2006-07.

Commercial Fishing Fee Increases

	<u>Current Law</u>	<u>AB 100</u>
Resident		
Guide	\$40	\$60
Sport Trolling	100	150
Commercial Fishing, Each Boat	900	1,000
Commercial Fishing, No Boat (Ice)	900	1,000
Nonresident		
Guide	100	150
Sport Trolling	400	600
Commercial Fishing, Each Boat	6,500	7,500
Commercial Fishing, No Boat (Ice)	6,500	7,500
Other Licenses		
License Transfer between Boats	25	50
Commercial Catch Quota Permit (second and subsequent)	0	100
Commercial Fishing Quota Permit Transfer	0	50
Reduced Fee Second Catch Quota Permit (no season)	0	25
Wholesale Fish Dealer	100	250

DISCUSSION POINTS

1. The Department sets by rule the open seasons, size limits, approved fishing methods, and the total amount of commercial harvest for various species of fish. The purpose of setting individual licensee catch quotas is to prescribe the amount of fish that may be taken by each individual holding a license to catch that species of fish. Several different methods are used to establish quotas for different species of fish, including: (a) quotas that give each licensee an equal share of the total allowable harvest; (b) quotas that give each licensee a share of the total allowable harvest based on the proportion of the total allowable harvest taken by that licensee in the past; and (c) quotas that allow licensees to take any amount of fish until the aggregate number of fish taken by all licensees equals the total allowable harvest (racehorse fishery). Quotas vary by species and region, and licensed commercial fishermen may hold multiple catch quotas. Also, individual licensee catch quotas are transferable between license holders.

2. Currently, commercial fishermen pay an annual license fee, which authorizes one boat for use in commercial fishing. There is no charge for the annual allocation of individual catch quotas. Under AB 100, the Governor proposes authorizing DNR to charge a fee for allocating the second and any subsequent catch quota assigned to a licensee (the cost of allocating the first quota would be considered to be part of the per-boat commercial license fee). The Department argues that it accrues substantial costs (in terms of staff research and survey time) in the establishment of population estimates and in the assignment of individual quotas to commercial fishermen, and

would like a greater portion of these costs to be paid by the affected industry.

3. Under the bill, individual licensee catch quotas beyond the first one assigned to the fisherman with their license would cost \$100, with the exception of a commercial fishing permit issued for a species for which there is no open fishing season during the year that the permit is in effect. For several years, there has not been an allocation of harvest quota for perch in certain areas of Lake Michigan due to concern over the stability and size of fish populations in the regions. However, as the distribution of individual licensee catch quotas for perch are determined by participation in the previous year, fishermen need to maintain their licenses on an annual basis if they wish to keep them over the long term, even if they are not allowed to harvest that species in a given year. In this situation, a lower annual fee of \$25 (rather than \$100) would be charged.

4. Individual licensees may transfer catch quotas for specific seasons or set periods of time. Currently, there is no fee associated with these transfers. The bill would authorize DNR to charge \$50 for the transfer of catch quotas between licensees in order to recover administrative costs. The combined impact of charging a fee for second and subsequent individual catch quotas and for charging \$50 for each transfer of catch quotas is estimated to be \$16,400 in 2005-06 and \$18,900 in 2006-07.

5. Fees for commercial fishing licenses would also be increased under the bill. The general fee increase would be effective April 1, 2006, and is expected to generate an additional \$9,200 in 2005-06 and \$74,600 in 2006-07 to the fish and wildlife account.

6. There are currently 68 resident and one nonresident commercial fishers on Lake Michigan, and 10 resident commercial fishers on Lake Superior. The Wisconsin commercial fishery is considered "closed" -- that is, no new licenses are authorized. For 2003-04, revenues totaling \$203,900 were generated by the sale of commercial fishing licenses to the fish and wildlife account of the conservation fund. Under the bill, fee revenues would be expected to increase to almost \$300,000 by 2006-07.

7. The Department incurs a variety of costs in overseeing the Great Lakes commercial fishing program. As previously mentioned, fisheries staff monitor fish populations, reproduction, habitat and fish health, recommend harvest goals, and work with commercial fishermen monitoring catch levels on the Great Lakes. For fiscal year 2003-04, fisheries management incurred staff costs estimated at \$275,000 for efforts relating to the commercial fisheries program. In addition, DNR law enforcement patrol time related to commercial fishing contacts, wholesale fish dealer enforcement, and sport troller enforcement required 4,471 law enforcement hours during fiscal year 2003-04. When the cost of warden salaries, fringe benefits, equipment, and operations costs are all included, the cost of enforcing laws and regulations related to commercial fishing approached \$250,000 last year. Therefore, DNR spent approximately \$525,000 in 2003-04 related to the Great Lakes commercial fishing program. In addition, DNR made payments to former commercial fishing license holders totaling \$140,200 as part of a Lake Superior fishing license retirement program initiated in 1996 to reduce fishing pressure on the Great Lakes. (Fiscal year 2005-06 will be the final payment under the agreements.)

8. To the extent that it costs DNR more to oversee and manage the commercial fishery on the Great Lakes than the Department generates in revenue, other fish and wildlife license holders subsidize the commercial fishing program. Sport fish enthusiasts have noted that while they are subject to license fee increases on a reoccurring basis, commercial fishing license fees have not been increased since 1997, fishing guide licenses since 1993, and resident troller licenses since 1986. Providing a fee increase for commercial fishing approvals would increase the portion of costs paid for by participants in the commercial fishery, and address some of the concerns of sport fish enthusiasts.

9. Alternatively, it may be argued that as a required professional license, the commercial fisheries approvals should be treated differently from sport fish licenses. Participants in the commercial fishery already have a substantial investment in equipment, and are required to obtain licensing annually by law in order to conduct their business. Unlike sport fishermen, who may elect to fish elsewhere or simply decline to continue fishing, commercial fishermen have limited options in response to a fee increase. Further, it may also be argued that DNR's oversight and management of the Great Lakes commercial fishery benefit sport fishermen through research on fish health and populations, enforcement of bag limits, and preservation of balance between commercial and recreational use of the shared resources.

ALTERNATIVES

1. Adopt the Governor's recommendation to increase the fees for certain Great Lakes commercial fishing licenses effective April 1, 2006. In addition, authorize DNR to charge a fee of \$100 for the second and any subsequent commercial fishing permit issued to allot individual licensee catch quotas for a given year. Allow the Department to charge a reduced fee of \$25 for the issuance of any such permit for a species for which there is no open fishing season during the year that the permit is in effect. Authorize DNR to charge \$100 for the second and any subsequent permit issued to regulate commercial fishing in outlying waters for a species for which there is a harvest limit but for which there is no allotment of catch quota to individual licensees. Authorize DNR to charge \$50 for the transfer of either of these types of permits between licensees

2. Maintain current law.

Alternative 2	SEG-REV
2005-07 REVENUE (Change to Bill)	- \$119,100

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