



## Legislative Fiscal Bureau

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May 18, 2023

Joint Committee on Finance

Paper #590

### **Nonresident Deer Hunting License (Natural Resources -- Fish, Wildlife, and Natural Heritage Conservation)**

[LFB 2023-25 Budget Summary: Page 448, #4]

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#### **CURRENT LAW**

The conservation fund is a segregated (SEG) trust fund used to finance many of the state's resource management programs administered by the Department of Natural Resources (DNR). The conservation fund is divided into several accounts, including the fish and wildlife account. The primary source of revenue to the fish and wildlife account is the fees charged for hunting, fishing and special licenses and stamps. The account supports the fish and wildlife management functions of the Department.

#### **DISCUSSION POINTS**

1. Deer hunting licenses are a primary source of revenue to the fish and wildlife account. These licenses primarily include gun deer licenses and archery licenses issued to residents, nonresidents, and youths. In fiscal year 2021-22, 349,785 resident gun deer licenses were sold, raising \$8,395,000 for the Department. In 2021-22, 26,738 nonresident gun deer licenses were sold, raising \$4,279,000. In fiscal year 2021-22, resident and nonresident deer gun licenses combined accounted for 17.4% of revenue to the fish and wildlife account.

2. In addition to licenses purchased primarily for recreational fish and game activities, several types of licenses are required for specialized commercial fish and game activities. Other revenues to the account include stumpage revenues from timber sales on state habitat and wildlife areas, fees paid for hunter education and safety programming, an annual \$3 million transfer of tribal gaming revenue, and penalties and assessments for violating fish and game laws.

3. In recent years, revenues from hunting and fishing licenses have declined. Fish and

wildlife account revenues have regularly been less than authorized expenditures for the account. Table 1 shows sales and revenues from the most common hunting and fishing licenses since fiscal year 2017-18. Certain fishing and hunting licenses, including fishing stamps, hunting stamps, elk hunting licenses, wolf hunting licenses and bonus antlerless deer permits provide dedicated revenues for various fish and wildlife programs. Revenues from these licenses are deposited into continuing appropriations and do not affect the balance of the fish and wildlife account. These licenses are excluded from Table 1.

**TABLE 1**  
**Select Fishing and Hunting License Sales**

Category	2017-18		2018-19		2019-20		2020-21		2021-22	
	Sales	Revenue	Sales	Revenue	Sales	Revenue	Sales	Revenue	Sales	Revenue
<i>Resident</i>										
Small Game	95,431	\$1,546,500	87,259	\$1,378,500	86,499	\$1,370,300	93,441	\$1,475,700	86,265	\$1,361,000
Deer	425,786	10,068,100	409,697	9,667,300	399,446	9,431,500	404,880	9,557,700	384,927	9,098,000
Archery	201,759	4,939,700	185,050	4,665,700	196,898	4,681,500	219,192	5,206,800	206,825	4,918,000
Turkey	167,524	2,201,800	158,980	2,017,100	176,421	2,208,400	180,123	2,217,300	154,749	1,976,000
Trapping	4,905	98,000	4,736	92,900	4,632	91,100	6,145	96,600	4,480	89,000
Fishing	723,017	13,067,500	698,907	12,485,000	781,918	14,226,200	737,252	13,254,500	674,960	12,075,000
Patron and Sports Licenses	98,929	10,803,700	100,758	10,954,100	110,751	11,839,600	118,122	12,929,200	118,257	13,491,000
<i>Nonresident</i>										
Small Game	7,670	\$720,900	7,240	\$566,500	7,353	\$576,100	8,329	\$659,700	8,665	\$688,000
Deer	25,500	4,398,800	25,498	4,079,700	25,394	4,063,100	23,633	3,749,280	26,738	4,279,000
Archery	8,884	1,640,400	9,175	1,468,100	9,441	1,510,600	11,316	1,753,396	11,800	1,888,000
Turkey	7,833	317,800	8,137	301,900	8,982	303,800	9,671	345,500	9,202	336,000
Trapping	53	15,600	63	10,100	48	7,700	76	11,089	102	17,000
Fishing	259,445	9,846,000	252,175	8,663,800	253,775	8,914,900	281,667	9,940,600	259,825	9,151,000
Patron and Sports Licenses	4,254	436,900	4,360	473,300	4,292	479,100	4,772	558,900	4,660	577,000
<b>Total</b>	<b>2,030,990</b>	<b>\$60,101,700</b>	<b>1,952,035</b>	<b>\$56,824,000</b>	<b>2,065,850</b>	<b>\$59,703,900</b>	<b>2,098,619</b>	<b>\$61,756,265</b>	<b>1,951,455</b>	<b>\$59,944,000</b>

Note: Licenses listed include all licenses sold under each category, including reduced-rate licenses, senior citizen licenses, junior and first-time buyer licenses, and annual and short-term licenses.

4. As shown in Table 1, sales of most general revenue fish and wildlife licenses have trended downward. In 2019-20 and 2020-21, some licenses saw temporary increases in sales as the COVID-19 pandemic prompted many people to seek outdoor recreation. However, in 2021-22, sales of most licenses resumed their downward trend.

5. In addition to reduced license sales, prices on most licenses have not been adjusted since 2005. As the prices of labor, materials, land and leases, and other goods and services have increased, the real value of fishing and hunting license revenues has decreased.

6. The attachment shows the estimated condition of the fish and wildlife account through June 30, 2025 under Committee action to date. In 2021-22, expenditures from the account exceeded revenues by \$9.8 million, and stagnant or declining revenues continue to be a concern. As of June 30, 2022, the account had an available balance of \$7.5 million. In 2022-23, budgeted expenditures are expected to exceed estimated revenues by \$9.8 million. Under these projections, the account would have a negative balance on June 30, 2023.

7. While budgeted expenditures have routinely exceeded fish and wildlife account revenues in recent years, DNR has reduced certain operations to control actual outlays from the account. For instance, the Department has reduced fishing and hunting enforcement patrols, left vacant positions unfilled, reduced habitat management, fish stocking and streambank easement acquisitions. In 2022-23, DNR has sought to reduce expenditures by \$1 million, relative to budgeted authorizations. DNR is accomplishing these internal budget reductions by deferring equipment purchases, reducing overtime, and maintaining vacancies. However, these actions have reduced the amount of fish, pheasants, and other game species released in the state for anglers and hunters.

8. To stave off additional budget reductions, DNR has shifted certain expenses from its general program operations appropriations, which draw from the balance of the fish and wildlife account, to alternate funding sources, when eligible. For instance, DNR received \$31.6 million in wildlife aids from the federal Pittman-Robertson program in 2021-22. These aids may be used for activities that promote hunting and wildlife. DNR has used Pittman-Robertson funds for hunter training and safety courses and chronic wasting disease monitoring and carcass disposal.

9. Declines in hunting and fishing license sales extend beyond Wisconsin. Theories beyond these declines include a hunter population that is aging and youth that have a wider range of recreational activities, reduced access to land on which to hunt, and a population that has become more heavily concentrated in cities and suburbs and less so in rural areas. DNR efforts to stabilize revenues include expanding outreach to women and minority groups who have traditionally been less likely to hunt and fish than others, promoting hunting and fishing as a means to harvest nutritious, locally-sourced food, and reactivating hunters who have allowed their licenses to lapse.

10. While DNR has had some success in increasing revenues from existing sources and reducing expenditures, the fish and wildlife account continues to have structural issues. 2015 Wisconsin Act 55 required DNR, in consultation with stakeholders such as hunters, anglers, trappers, and conservationists, to prepare and submit to the Joint Committee on Finance a plan to address the imbalance in the fish and wildlife account. The report, titled "Revenue Options for Wisconsin Fish, Wildlife and Habitat Management," was delivered on December 30, 2016. It recommended one or more of the following: (a) increasing license fees; (b) creating flexible license packages, in which patrons could buy multiple licenses together, at a discount; (c) creating a loyalty program or automatic renewal options to encourage patrons to buy every year, reducing turnover; (d) charging admission fees at state wildlife areas, fisheries, and natural areas; (e) creating a non-motorized watercraft fee, levied on sailboats, canoes, and kayaks; and (f) selling gift cards and other flexible payment methods. 2019 Wisconsin Act 9 authorized DNR to create an automatic license renewal system. However, this renewal option has not been implemented to date due to unresolved matters regarding the securing of a private vendor with the capability of implementing the system.

11. Assembly Bill 43/Senate Bill 70 would raise the fee for the nonresident deer hunting license by \$25, from \$160 to \$185, including the issuing fee and wildlife damage surcharge. In 2021-22, sales of this license raised \$4,279,000. DOA estimates that the fee increase would raise an additional \$643,800 in revenue for the fish and wildlife account annually. The fee increase would take effect April 1, 2024 and would be in effect for the fall 2024 deer hunting season. Therefore, most of the increased revenues would be collected in the 2024-25 fiscal year. Given the account's ongoing structural imbalance, the Committee could consider increasing the nonresident deer hunting license

fee by \$25 [Alternative 1a].

12. Table 2 compares the cost of resident and nonresident deer hunting licenses in Wisconsin and neighboring states. Prices shown in the table reflect the cumulative cost of deer hunting licenses, including issuing fees, surcharges, and base license fees, where applicable. As shown in the table, the price of deer hunting in Wisconsin is lower for both residents and nonresidents than in neighboring states.

**TABLE 2**

**Deer Hunting License Fees**

<u>State</u>	<u>Resident</u>	<u>Nonresident</u>
Wisconsin	\$24.00	\$160.00
Illinois	29.00	304.00
Indiana	39.00	240.00
Iowa	33.00	348.50
Michigan	32.00	172.00
Minnesota	35.00	186.00

13. In 2021-22, DNR sold 26,738 nonresident deer licenses, compared to 349,785 resident gun deer licenses. Because the number of nonresident licenses sold is comparatively small, even large fee increases would have a modest effect on account revenues. The \$25 fee increase included in AB 43 / SB 70 would be a 15.6% increase in the price of the nonresident deer hunting license but would raise fish and wildlife account revenues by 0.9%. A 25% increase, which would raise the cost of the nonresident deer hunting fee by \$40, to \$200 [Alternative 1b], would raise \$1 million in additional revenue for the fish and wildlife account, an increase of 1.5%.

14. For comparison, a 15.6% increase would raise the price of the resident deer hunting license from \$24 to \$27.75 and would increase account revenues by \$1.4 million, a 1.9% increase. As shown in Table 2, the cost of Wisconsin's resident deer hunting license would continue to be lower than neighboring states. The Committee could consider increasing the resident deer hunting license fee by \$3.75 [Alternative 2].

15. Although the 2023 license fee began on April 1, 2023, the Committee could consider moving the effective date of any license increases to the effective date of the bill. A small portion of hunters have already purchased deer hunting licenses for the autumn 2023 hunting season. These hunters would effectively receive a discount from the price in effect for most of the deer hunting season.

16. Table 3 shows the estimated revenue that could be generated by increasing the selection of hunting and fishing license fees from Table 1 by between \$2 and \$20. Revenues from the licenses shown in the table would be deposited in the balance of the fish and wildlife account and could be used for general program operations. The selection excludes hunting and fishing stamps and other dedicated-revenue license fees. The revenue increases shown in the table are for illustrative purposes; the Committee and Legislature could choose other fee levels.

**TABLE 3**

**Estimated Revenues from License Fee Increases**

<u>Category</u>	<u>Current Fee</u>	<u>Potential Change</u>	<u>Potential Fee</u>	<u>2021-22 Actual Revenue</u>	<u>Estimated Revenue Increase</u>
<i>Resident Hunting</i>					
Small Game	\$18.00	2.00	\$20.00	\$1,165,000	\$134,000
Senior Small Game	9.00	2.00	11.00	147,000	32,000
Youth Small Game	9.00	2.00	11.00	49,000	12,000
Deer	24.00	2.00	26.00	8,395,000	718,000
Archery	24.00	2.00	26.00	4,683,000	392,000
Turkey	15.00	2.00	17.00	1,283,000	183,000
Trapping	20.00	2.00	22.00	87,000	10,000
<i>Resident Fishing</i>					
One-day	8.00	2.00	10.00	83,000	21,000
Annual	20.00	2.00	22.00	7,980,000	880,000
Senior Annual	7.00	2.00	9.00	1,076,000	307,000
Youth Annual	7.00	2.00	9.00	79,000	34,000
Spousal	31.00	2.00	33.00	2,793,000	196,000
Disabled	7.00	2.00	9.00	54,000	18,000
Disabled Veteran	3.00	2.00	5.00	10,000	7,000
<i>Resident Combination Licenses</i>					
Conservation Patron	165.00	10.00	175.00	10,304,000	569,000
Sports License	60.00	10.00	70.00	2,664,000	478,000
<i>Nonresident Hunting</i>					
Annual Small Game	85.00	5.00	90.00	598,000	33,000
Five-Day Small Game	55.00	5.00	60.00	90,000	8,000
Deer	160.00	5.00	165.00	4,279,000	126,000
Archery	160.00	5.00	165.00	1,888,000	54,000
Turkey	60.00	5.00	65.00	263,000	21,000
Furbearing Animal	160.00	5.00	165.00	17,000	-
<i>Nonresident Fishing</i>					
Individual:					
One-day	10.00	5.00	15.00	588,000	305,000
Annual	50.00	5.00	55.00	4,194,000	427,000
Fifteen-day	28.00	5.00	33.00	681,000	121,000
Four-day	24.00	5.00	29.00	1,205,000	251,000
Family					
Annual	65.00	5.00	70.00	2,018,000	162,000
Fifteen-day	40.00	5.00	45.00	465,000	60,000
<i>Nonresident Combination Licenses</i>					
Conservation Patron	600.00	20.00	620.00	193,000	6,000
Sports License	275.00	20.00	295.00	<u>227,000</u>	<u>16,000</u>
Total				\$57,558,000	\$5,581,000

17. Typically, as a product's price increases, sales for that product decline. As noted above, the number of hunting and fishing licenses sold in recent years has generally declined. It could be argued that increasing license fees would hasten the decline in sales. In 2016, DNR conducted a literature review on the effect of license fee increases on total sales. DNR reported that fee increases often yield revenue increases despite temporarily reducing sales. Additionally, the extent to which license sales decline varies based on the original cost of the license and the magnitude of the price increase. For instance, increasing the fee of a \$24 license by \$1 would be expected to lead to a smaller sales reduction than increasing the fee by \$6. Increasing the fee of a \$100 license by \$10 would be expected to lead to a smaller sales reduction than increasing the fee by \$20.

18. As noted above, past license fee increases have affected a broad selection of resident and nonresident hunting, fishing, and combination licenses. Applying modest increases to a wide variety of license fees would be expected to maximize revenue increases while minimizing declines in sales volume. License fee increases in 1997 Wisconsin Act 1, 2003 Act 33 and 2005 Act 25 were developed through consultation with DNR and stakeholder groups. The Department has indicated that it intends to develop additional revenue strategies, including certain fee increases, as a part of DNR's 2025-27 biennial budget request, which will be submitted in September, 2024. The Committee could consider requiring DNR, the Conservation Congress, and other stakeholder groups to develop a report with suggested license fee increases to be enacted in subsequent legislation [Alternative 3].

19. As shown in the attachment, the fish and wildlife account is expected to have a negative available balance on June 30, 2023. Because the fishing and hunting license year begins on April 1, the earliest a fee increase could be implemented is April 1, 2024. Therefore, most revenue collected through a fee increase would be collected in the 2024-25 fiscal year. DNR would be required to make further operations reductions, including leaving vacant positions unfilled, reducing fish and game stocking, and reducing habitat management unless additional revenues were added to the fish and wildlife account in 2023-24.

20. Currently, \$3 million tribal gaming PR is appropriated annually to the fish and wildlife account. To stabilize the fish and wildlife account's condition and to stave off operations reductions, the Committee could consider increasing this amount. If the Committee pursues other revenue options, the transfer in 2024-25 could be set at \$7 million [Alternative 4]. While the account would end the 2024-25 biennium with a negative available balance, further revenue options could be pursued through subsequent legislation.

21. The fish and wildlife account is one of ten programmatic accounts of the SEG conservation fund. The forestry account is the largest of these accounts, in terms of revenues, expenditures, staffing, and available balance. Under Committee action to date, the forestry account is expected to have an available balance of \$155.6 million on June 30, 2025. Revenues to the account are expected to exceed budgeted expenditures by an average of \$31.7 million in each year of the 2023-25 biennium. The Committee could consider making a one-time transfer of \$35 million from the forestry account to the fish and wildlife account in 2023-24 to provide enough revenue for the fish and wildlife account to fund budgeted expenditures in the 2023-25 biennium while the Legislature pursues other revenue options [Alternative 5].

22. Alternatively, the Committee could consider providing an ongoing transfer from the

forestry account to the fish and wildlife account [Alternative 6]. Requiring DNR to transfer 10% of the revenue from the forestry mill rate transfer would provide the fish and wildlife account with \$14.2 million in 2023-24 and \$13.7 million in 2024-25. This would likely stabilize the fish and wildlife account beyond the 2023-25 biennium.

23. It should be noted that the largest source of revenue to the forestry account is an annual transfer from the general fund equal to 0.1697 mill (16.97¢ per \$1,000 of property value) of the equalized value of the property in the state. Prior to 2017 Wisconsin Act 59, the forestry account was funded through a statewide property tax of 0.1697 mill. Under the Constitution, revenues from the statewide forestry tax are to be used only for acquiring and developing the state's forests. While this constitutional restriction does not apply to the general fund transfer, it would apply if the Legislature were to restore the statewide property tax. Under this scenario, an ongoing transfer to the fish and wildlife account would need to be replaced with an alternate source of revenue.

24. If the Committee takes no action [Alternative 7], the condition of the fish and wildlife account would continue to deteriorate. The largest category of expenditures from the account are employee wages and fringe benefits. Therefore, DNR would likely need to reduce filled positions and forego certain fish and wildlife management activities.

## ALTERNATIVES

1. Increase the nonresident deer hunting license fee by one of the following:

a. \$25, from \$160 to \$185, beginning on April 1, 2024.

ALT 1a	Change to Base
SEG-REV	\$643,800

b. \$25, from \$160 to \$185, beginning on the effective date of the budget.

ALT 1b	Change to Base
SEG-REV	\$1,287,600

c. \$40, from \$160 to \$200, beginning April 1, 2024.

ALT 1b	Change to Base
SEG-REV	\$1,000,000

d. \$40, from \$160 to \$200, beginning on the effective date of the budget.

<b>ALT 1d</b>	<b>Change to Base</b>
SEG-REV	\$2,000,000

2. Increase the resident deer hunting license fee by \$3.75, from \$24 to \$27.75, on either of following dates:

a. April 1, 2024.

<b>ALT 2a</b>	<b>Change to Base</b>
SEG-REV	\$1,400,000

b. the effective date of the budget.

<b>ALT 2b</b>	<b>Change to Base</b>
SEG-REV	\$2,800,000

3. Require DNR, in consultation with the Conservation Congress and other stakeholder groups, to develop a list of proposed license fee increases and to submit the list with the agency's 2025-27 biennial budget request. (This alternative could be adopted in addition to either of Alternatives 1 or 2.)

4. Increase the tribal gaming revenue transfer to the fish and wildlife account by \$4 million annually, beginning in 2023-24. (This alternative could be adopted in addition to either of Alternatives 1 or 2.)

<b>ALT 4</b>	<b>Change to Base</b>
GPR-Tribal	-\$8,000,000

5. Provide a one-time transfer of \$35 million from the balance of the SEG forestry account to the fish and wildlife account in 2023-24.

6. Create an ongoing transfer from the forestry account to the fish and wildlife account equal to 10% of the revenues received from the forestry mill rate transfer, beginning in 2023-24.

7. Take no action.

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Attachment



## ATTACHMENT

### Fish and Wildlife Account Condition

	2021-22 <u>Actual</u>	2022-23 <u>Budgeted</u>	2023-24 <u>Base Plus</u>	2024-25 <u>Base Plus</u>	2024-25 <u>Staff</u>
<b>Fish and Wildlife Account Condition</b>					
Opening Balance	\$45,120,000	\$35,306,100	\$25,472,100	\$9,543,000	
<b>Revenue</b>					
Hunting Permits	\$29,547,000	\$29,500,000	\$29,500,000	\$29,500,000	
Fishing Permits	26,281,300	26,300,000	26,300,000	26,300,000	
Other Permits	12,606,700	12,600,000	12,600,000	12,600,000	
All Other Revenue	<u>2,274,200</u>	<u>2,300,000</u>	<u>2,300,000</u>	<u>2,300,000</u>	
Total Revenue	\$70,709,200	\$70,700,000	\$70,700,000	\$70,700,000	
Available Balance	\$115,829,200	\$106,006,100	\$96,172,100	\$80,243,000	
<b>Expenditures</b>					
Fish Management	\$18,253,400	\$16,710,300	\$18,452,400	\$18,452,400	155.37
Wildlife Management	12,268,900	12,154,200	13,221,900	13,221,900	107.07
One-Time Projects	-	-	-	-	-
Grants and Aids	-	-	-	-	-
Wildlife Damage Control and Abatement Programs	3,766,200	3,598,000	3,613,600	3,613,600	2.00
Stamp Funded Programs	3,558,600	5,567,100	5,757,400	5,757,400	14.59
GoWild Contract Fees	1,934,900	2,863,100	2,863,100	2,863,100	
Other	<u>479,900</u>	<u>224,400</u>	<u>224,400</u>	<u>224,400</u>	-
Subtotal	40,261,900	41,117,100	44,132,800	44,132,800	
<i>Split-Funded Appropriations</i>					
Internal Services	5,843,000	6,030,500	6,260,800	6,260,800	36.69
External Services	3,676,000	3,801,800	4,025,600	4,025,600	32.99
Division Management	6,694,200	7,085,500	7,265,800	6,084,800	56.74
Law Enforcement and Safety	17,571,400	18,603,900	19,950,800	19,950,800	137.01
Aids in Lieu of Taxes	155,700	155,700	155,700	155,700	-
Debt Service, Maintenance, Development, and Assessments	4,692,100	3,605,500	4,703,600	4,995,700	-
Handling Fees	<u>1,628,800</u>	<u>134,000</u>	<u>134,000</u>	<u>134,000</u>	-
Subtotal	\$40,261,200	\$39,416,900	\$42,496,300	\$41,607,400	
Total Expenditures	\$80,523,100	\$80,534,000	\$86,629,100	\$ 85,740,200	542.47
Closing Cash Balance	\$35,306,100	\$25,472,100	\$9,543,000	-\$5,497,200	
Encumbrances and Continuing Balances	\$27,810,900	\$27,810,900	\$27,810,900	\$27,810,900	
Available Balance	\$7,495,200	-\$2,338,800	-\$18,267,900	-\$33,308,100	