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FISCAL IMPACT REPORT

ORIGINAL DATE 02/08/13
LAST UPDATED 02/28/13 **HB** 272/aHHGIC/aHFL

SPONSOR Archuleta

SHORT TITLE Free Elk Licenses to Disabled Veterans **SB** _____

ANALYST McCoy

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
	(\$3.5)	(\$3.5)	Recurring	Game Protection Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Game and Fish (DGF)

Veterans' Services Department (VSD)

SUMMARY

Synopsis of HFL Amendment

The House Floor amendment to House Bill 272 (HB 272) adds the words "New Mexico resident" so requirement to provide free elk licenses is for New Mexico resident, disabled veterans only.

Synopsis of HHGIC Amendment

The House Health, Government, and Indian Affairs Committee amendment to House Bill 272 (HB 272) changes the bill language requiring the Department of Game and Fish (DGF) to

reserve at least five elk licenses per year to reserve no more than ten free elk licenses per year for veterans of the Armed Forces of the United States who have a service-related disability of at least fifty percent. The amendment also inserts an effective date of April 1, 2014.

Synopsis of Original Bill

House Bill 272 (HB 272) requires the Department of Game and Fish (DGF) to reserve at least five elk licenses per year for veterans of the Armed Forces of the United States who have a service-related disability of at least fifty percent, as certified by the Veterans' Services Department (VSD). The bill directs the State Game Commission (SGC) to develop and adopt rules for the time and location that the licensee may exercise this privilege.

FISCAL IMPLICATIONS

According to the DGF, assuming the intent of the bill is that current paying hunters will receive the reserved licenses and the reserved licenses are free licenses, the DGF would potentially lose a small amount of license revenue associated with the distribution of the free elk licenses; however this would also depend on the residency status of the potential license holder and the bag limit of the free license (bull elk, cow elk or either sex elk license). Overall, the DGF projects the decrease in revenue to the agency's game protection fund, with projected balance of \$32.8 million at the end of FY13, from the distribution of the free licenses would be relatively small. The DGF notes, if the number of free licenses distributed grew much greater than the 5 minimum proposed in the bill, the agency would need to further assess the impacts to revenue associated with elk license sales, as this bill establishes a minimum but not a maximum number of free licenses.

The DGF reports, the agency receives approximately one-third of its revenue from federal grants which are based on a formula that uses the number of paid license holders. New Mexico cannot use recipients of free hunting and fishing licenses in that calculation, as they are not paid license holders. In order to count the free licenses, a state wildlife agency must receive revenue, whether it is in the form of a payment from a license buyer, or an appropriation from the state to recoup the revenue not collected from free licenses. According to the agency, the amount of forgone federal grant revenue from 5 free licenses is not significant in comparison to the overall budget, but without a limit in statute, there is a potential that the amount could grow to a more significant level if the number of free licenses greatly increases.

SIGNIFICANT ISSUES

The VSD reports, according to numbers provided by the federal Department of Veterans Affairs Regional Office in Albuquerque, NM as of November 2010, there were 32,185 veterans receiving disability compensation at a rate of 50 percent or higher living in the State of New Mexico.

The DGF reports, the agency already set the application process, and the SGC already promulgated rules regarding the distribution of elk license, for the upcoming license year (April 1, 2013 – March 31, 2014). In order to properly implement the distribution of the proposed licenses, the establishment of SGC rules, the advertisement of the program and the enhancements to the current license distribution system, the agency recommends HB 272 become effective April 1, 2014.

HB 272 does not specify whether the recipients of these licenses would need to be residents of New Mexico. The DGF points out, potentially some or all of the reserved licenses could go to nonresident hunters. It also raises a question as to the applicability of other statutes regarding the percentage of licenses allocated to resident and nonresident hunters, and also to those using the services of an outfitter. The DGF also notes, HB 272 does not limit availability of the licenses to veterans who were honorably discharged from the military.

The DGF expresses concern that HB 272 specifies the number of licenses issued is “at least five elk licenses” but does not establish an upper limit, meaning an unlimited number of licenses could be reserved. The DGF recommends amending HB 272 to establish a specific and limited number of licenses for this program, as is the case with the enhancement raffle and auction licenses (§17-3-16.1 through §17-3-16.6) and the licenses for wish-making organizations (§17-3-13.5).

TECHNICAL ISSUES

The bill title states “to provide free elk licenses to at least five disabled veterans each year,” so the agencies responding to the fiscal impact report request assumed the intent of the bill is the 5 licenses to be provided to certain veterans are to be provided free of charge. However, the language being added as a new section of Chapter 17 does not specify that the licenses will be free, the language in HB 272 only specifies that the licenses will be reserved. Section 17-3-13.1-A NMSA provides free general hunting and fishing licenses as well as a class A trout stamp to one hundred percent disabled veterans contains the following language to specify the free nature of the license and stamp: “The director of the DGF shall issue without a fee a general hunting and fishing license and class A trout stamp to any resident who was one hundred percent disabled as a result of having served in the armed forces of the United States, upon submission by the person of proof satisfactory to the commission that he was one hundred percent disabled as a result of having served in the armed forces of the United States.”

ADMINISTRATIVE IMPLICATIONS

In order to successfully implement HB 272, the DGF reports the agency will need to develop additional business processes to be able to administer the license requests at no fee to the license recipients. The DGF currently distributes free deer, fishing and game hunting licenses to resident disabled veterans (100 percent disabled), so the sales system could be adapted to meet the requirements of HB 272.

AMENDMENTS

The DGF recommends the following amendments:

1. Include an effective date of April 1, 2014, in order to allow the DGF and the SGC time to develop the appropriate rules and systems to properly handle the distribution of these licenses and to publicize the new program.
2. Establish a specific limit to the number of licenses that could be issued under this provision.
3. If it is the intent of the legislature, HB 272 should specify that the licenses are free, not just reserved.